

**矽格股份有限公司**



**MICROELECTRONICS CORP.**

Stock Code: 6257

# **2022 Annual General Shareholders' Meeting Handbook**

June 09, 2022

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**Sigurd Microelectronics Corporation**

**2022 Annual General Shareholders'**

**Meeting Procedure**

**I. Call the Meeting to Order**

**II. Chairman Remarks**

**III. Report Items**

**IV. Proposed Resolutions**

**V. Discussion Items**

**VI. Special Motions**

**VII. Adjournment**

**The chair may decide to vote for one single proposal or vote for all or some proposals before the extempore motions.**

# **Sigurd Microelectronics Corporation 2022 Annual General Shareholders' Meeting Agenda**

**Time: 9 a.m., June 9, 2022 (Thursday)**

**Venue: No. 377, Xinsheng Road, Zhudong Township, Hsinchu County, Taiwan  
(Tree Culture Center)**

**physical shareholders meeting**

## **I. Call the Meeting to Order**

## **II. Chairman Remarks**

## **III. Report Items**

Item 1: 2021 Business Report.

Item 2: Audit Committee's Review Report for 2021.

Item 3: 2021 Distribution Report for Employee Compensation and Directors' Remuneration.

Item 4: Report on the Company's issuance of the 4th domestic unsecured convertible bond.

Item 5: Amendment to the Ethical Corporate Management Best Practice Principles Report.

## **IV. Proposed Resolutions**

Item 1: Adoption of the 2021 Business Report and Financial Statements.

Item 2: Adoption of the 2021 Proposal for Surplus Distribution.

## **V. Discussion Items**

Item 1: Cash Distribution from Capital Reserve.

Item 2: Amendment of the Procedure for the Acquisition or Disposal of Assets.

Item 3: Amendment of the Articles of Incorporation.

## **VI. Special Motions**

## **VII. Adjournment**

## **Report Items**

Item 1: 2021 Business Report.

Explanation: For further details, please refer to Attachment 1 (Pages 6 to 12).

Item 2: Audit Committee's Review Report for 2021.

Explanation: For further details of the Audit Committee's Report, please refer to Attachment 2 (Page 13).

Item 3: 2021 Distribution Report for Employee Compensation and Directors' Remuneration.

Explanation: On March 8, 2021, the Board of Directors of the Company approved to issue Directors' remuneration of NT\$40,000,000 and employee compensation of NT\$353,000,000 for 2021. The total amount will be paid in cash. The amount resolved is identical to the amount recognized in 2021.

Item 4: Report on the Company's issuance of the 4th domestic unsecured convertible bond .

Explanation: Refer to Attachment 3 for details (Page 14).

Item 5: Amendment of Ethical Corporate Management Best Practice Principles report.

Explanation: Refer to Attachment 4 for details (Page 15-20).

## **Proposed Resolutions**

Item 1: Adoption of the 2021 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation:

- (I) The Company's 2021 Financial Statements have been audited and certified by CPAs Chih-Cheng Hsieh and Tsai-Yen Chiang of PwC Taiwan.
- (II) The aforementioned Financial Statements and Business Report, have been audited and certified by the Audit Committee and are to be submitted to the shareholders' meeting for approval. For the details, please refer to Attachment 1 (Pages 6 ~12), Attachment 2 (Page 13), and Attachment 5 (Pages 21 ~ 45).

Resolution:

Item 2: Adoption of the 2021 Proposal for Surplus Distribution. (Proposed by the Board of Directors)

Explanation:

- (I) The surplus distribution table for 2021 has been approved by the Board of Directors and audited by the Audit Committee, as detailed in Attachment 6 (page 46).
- (II) The Company proposes to allocate NT\$1,369,427,232 (part of the tax exemption of capital reserve) from additional paid-in capital generated from the conversion of convertible bonds into ordinary shares, to distribute cash in proportion to shareholder's percentage of shareholdings. As of February 28, 2022, the Company has 452,258,877 shares (the number of shares 451,758,883 plus, as of February 28, 2022, the 3rd unsecured convertible bonds of 499,994 shares which have converted but yet to undergo change of registration) to participate in the distribution, with a cash distribution of NT \$3.0 per share. The cash allocated to each shareholder shall be calculated to the nearest dollar and rounded down. The cumulative fractional cash dividends less than NT\$1 shall be classified as the Company's other earnings.
- (III) This matter has been approved by the Board of Directors, and approval is also given to the Chairman in determining the record date of ex-dividend, distribution date and other related matters. Subsequently, if the Company buys back its shares, transfers treasury stocks to employees, converts employee stock option certificate subscription into ordinary shares, converts employee restricted stock awards or corporate bonds into ordinary shares, all of which to the extent that affects the number of shares participating in distribution, and in which the ratio of cash dividends of the allocating shareholders will need to be adjusted, approval is also given to the Chairman to do so.

Resolution:

## Discussion Items

Item 1: Cash Distribution from Capital Reserve. (Proposed by the Board of Directors)

Explanation:

- (I) The Company proposes to allocate NT\$502,123,318 (part of the tax exemption of capital reserve) from additional paid-in capital generated from the conversion of convertible bonds into ordinary shares, to distribute cash in proportion to shareholder's percentage of shareholdings. As of February 28, 2022, the Company has 452,258,877 shares (the number of shares 451,758,883 plus, as of February 28, 2022, the 3rd unsecured convertible bonds of 499,994 shares which have converted but yet to undergo change of registration) to participate in the distribution, with a cash distribution of NT \$1.1 per share. The cash

allocated to each shareholder shall be calculated to the nearest dollar and rounded down. The cumulative fractional cash dividends less than NT\$1 shall be classified as the Company's other earnings. Subsequently, if the Company buys back its shares, transfers treasury stocks to employees, converts employee stock option certificate subscription into ordinary shares, converts employee restricted stock awards or corporate bonds into ordinary shares, all of which to the extent that affects the number of shares participating in distribution, and in which the ratio of cash dividends of the allocating shareholders will need to be adjusted, it is proposed that the Board of Directors is authorized by the shareholders' meeting to do so.

- (II) Requesting the shareholders' meeting to authorize the Board of Directors in designating the cash distribution date separately.

Resolution:

Item 2: Amendment of the Procedure for the Acquisition or Disposal of Assets for deliberation and approval. (Proposed by the Board of Directors)

Description: The revisions are made as needed for operations. Refer to Attachment 7 for the detailed Comparison Table of Pre-amended and Post-amended Versions (Pages 47~72).

Resolution:

Item 3: Amendment of the Articles of Incorporation for deliberation and approval. (Proposed by the Board of Directors)

Description: The revisions are made as needed for operations of the company. Refer to Attachment 8 for the detailed Comparison Table of Pre-amended and Post-amended Versions (Pages 73~76).

Resolution:

## **Special Motions**

## **Adjournment**

## Business Report

### I. 2021 Business Results

#### (I) Operating Results for 2021 Business Plan

In 2021, the revenue increased by 34.22% from 2020 to NT\$16,681,264 thousand, and net income after tax was NT\$3,036,248 thousand, representing an increase of 57.60% as compared to 2020.

(II) Target Achievement: The Company did not disclose financial forecasts in 2021.

#### (III) Analysis of Financial Revenue/Expenditures and Profitability

The business strategy of the Company has always been prudent and robust, dedicated in the development of professional packaging and testing for niche IC. As such, the financial structure is fairly healthy. The analysis and comparison of financial structure, solvency, and profitability are as followed:

Item		Individual Financial Statements		Consolidated Financial Statements	
		2020	2021	2020	2021
Financial structure	Debts ratio %	47.62	46.89	49.87	51.30
	Long term funds to fixed assets %	171.42	208.34	142.70	156.44
Solvency	Current ratio %	103.22	147.39	145.87	192.97
	Quick ratio %	96.76	136.24	136.33	179.33
Profitability	Return on asset %	8.31	10.80	7.43	9.56
	Return on equity %	14.89	19.81	13.53	18.53
	Net profit margin %	21.22	26.89	15.50	18.20
	Earnings per share (EPS) (after adjustment of ordinary shares) (NT\$)	4.22	6.25	4.22	6.25

#### (IV) Research and development status

##### 1. Review of 2021

- (1) Based on the existing 12-inch Wafer Level Chip Scale Package (WLCSP), solder bumping, and Cu-pillar, the Company built an 8-inch WLCSP production line.
- (2) Strengthening the packaging capability of wafer level backend die-processing service (DPS).
- (3) Improved WLCSP's integrated service technology and capability.
- (4) Improved and upgraded the new generation RF IC automated test equipment which have gone into mass production.
- (5) Developed the following related testing technologies which have gone into mass



production: 5G SOC , IC related to 5G mobile phone, Wi-Fi 6 , IC related to True Wireless Stereo (TWS).

- (6) Self-manufacturing of accessories of related testing equipment.
- (7) Upgraded and expanded equipment to adapt to the need of high-speed computing IC, such as bitcoin, graphics chip, and server chip.
- (8) Improved the 5-nanometer testing technology.

## 2. Prospects for the future (2022 and future trends)

- (1) Improving the SOC IC testing techniques for 5G mobile phones.
- (2) Researching and developing 5G related equipment IC testing technology.
- (3) Researching 5G mmWave and Antenna-in-Package(AiP) testing technology.
- (4) With the increasing popularity and demand for artificial intelligence (AI) applications, the Company collaborates with numerous research institutions and industrial companies to upgrade packaging and testing technologies.
- (5) Research on Metaverse-related IC packaging and testing.
- (6) Development of integrated IC test technologies relevant to the IoT (Internet of Things).
- (7) Advancement RF-related packaging and testing technologies, such as Wi-Fi 6/6E, WLAN SOC IC, Near Field Communication (NFC), and Wireless Power.
- (8) Developing the related image IC integrated packaging and testing technology: moving towards 8K4K (with a resolution of 7680x4320) video/audio Codec IC related testing technologies, based on the existing 4K2K package test.
- (9) Exploration of 3nm test technologies.
- (10) Deepening the 4nm testing capability and scaling up mass production.
- (11) Expanding the integrated capacity of the WLCSP and improving related technical capabilities.
- (12) Enhancement of GaN-related packaging and testing technology.
- (13) Research and development of SiC-related packaging and testing technology.
- (14) Enhancing low-earth-orbit satellite testing capability and scaling up mass production.
- (15) Increase of automotive electronics and vehicle-to-everything-related IC test volume and maximization of the scope of certification.
- (16) Promotion of a smart factory and the width and depth of equipment automation, and maximization of intelligent production.
- (17) Research and development of logic and mixed-signal testers, and timely mass production as scheduled.

## II. 2022 Operation Plan

### (I) 2022 Major Business Direction

In 2021 despite rapid transmission of the Omicron variant, the COVID-19 pandemic is expected to be further controlled with expanded vaccination. Some countries have adopted strategies to co-exist with the virus, and economy is poised for a gradual recovery. Semiconductors were caught in a shortage in 2021. As such, manufacturers expanded their scale of production to increase their throughput. It is expected that the shortage in supply will be relaxed in 2022.

Related forecast institutes for the semiconductor industry followed one another to adjust their forecast about the growth momentum for semiconductors in 2022 upwards compared to 2021. Statistics of respective market intelligence and research institutes (IDC, WSTS, Gartner, VLSI Research, IC Insights) show a growth of 4%~12% in semiconductors around the world in 2022 compared to that in 2021. As such, Sigurd is prudent and careful, adopting a steady development policy to maximize the Company profit.

In 2022, due to the endeavor of the Management, sufficient cash flow was secured to ensure the liquidity of the Company. Further, the Company is striving to expand its competitive capabilities, strengthening product lines with an advantage in economies of scale, expanding differentiated product lines, and expanding prudently, and maintaining a higher overall equipment efficiency.

### (II) Expected sales and its basis

According to the Company's historical data of business revenue, as well as referring to the professional forecasting agencies' prediction for the semiconductor industry and IC packaging industry, and the feedback from customers through the sales unit, although global economic prospect is affected by many unfavorable factors, the Company estimates that the launching of a series of new projects, products and customers, and other measures in 2022, will provide momentum to the expected sales volume and revenue, and thus remain cautiously optimistic.

### (III) Important production and sales policies

In advent of 2022, our response measures are as followed:

1. Strengthening the prevention of outbreak, and closely monitoring the status of the pandemic, customer needs and raw material supply.
2. Improving employee productivity and factory efficiency.
3. Continuously saving expenses, reducing operating costs, and lowering the break-even point.

4. Development of test business for products with a high growth rate, such as Metaverse, 5G mobile phone IC, Wi-Fi 6/6E, high-speed computing, artificial intelligence (AI), IoT, RF IC and automotive electronics in order to make better profits.
5. Increasing the number and proportion of foreign customers.
6. Promotion of test business for telecommunication IC and niche IC.
7. Strengthening the relationships with strategic alliances with customers.
8. Reviewing and adjusting uncompetitive product lines.
9. Paying attention to market trends and strive for IC businesses orders related to 5G products, vehicle electronics, Internet of Things and wearable devices.
10. Promotion of a smart factory and the width and depth of equipment automation.

### III. Strategies for the Future

The future development of Sigurd is Reshaping Value and Technological Innovation, Avoiding Price Competition, and Forming the Blue Sea Strategy of Sigurd. Therefore, Sigurd is constantly repositioning and moving toward developing packaging and testing technologies for niche products.

- (1) Timely adjustment of the organization: based on market and product conditions, timely adjusting the organization to adapt to changes.
- (2) The number of customers in the North American market increased in 2021 compared to 2020. Moreover, the development of Mainland China market has also produced good results. Therefore, in 2022, in addition to the original North American market, the Company also actively expands the Asian, Mainland Chinese, European, and Japanese markets.
- (3) Promotion of the throughput and customer base of SIRIZE Technology (Suzhou) Corp.
- (4) Integration and niche testing

Over the years, Sigurd has acquired the testing technology and experience of Mixed Signal, Logic, CIS, Memory, RF, and Power. With a stronghold of technologies, as well as aligning with market trends, Sigurd is moving toward integration and niche products.

#### 1. Integrated Testing Technology

IC products are becoming increasingly complex, and can no longer be simply categorized as Mixed Signal, Logic, CIS, Memory, RF, and Power. The current trend has been moving toward the integrated IC. Sigurd has accumulated years of testing experience, is confident in manufacturing of products such as SoC mobile phone AP (3G/4G) and Wi-Fi SoC, laying the good foundation for technologies in packaging and testing of future 5G related ICs.

#### 2. Niche Testing

- (1) High-speed computing-related ICs: such as chips for bitcoin, graphics and servers.
- (2) Communication-related ICs: 5G communication equipment IC, GPS, Wi-Fi SOC

(integrated with Bluetooth and MCU).

- (3) Video/Audio related ICs: Blu-ray disc, 3D, 4K2K and 8K4K video codec IC, HDMI, and HDTV control IC.
- (4) Mobile phone-related IC: such as 5G-related IC, AI, AP, Baseband SoC, GPS, Light sensor, Bluetooth, Touch Pad.
- (5) Computer-related ICs: such as graphics chip, USB, Type C, WLAN, touch panel IC, and et cetera.
- (6) Vehicle electronics ICs: such as sensor related IC and microprocessors. , vehicle-to-everything, etc.

In addition, Sigurd also strengthens the acquiring of foreign customers, in the hope of achieving results in the future.

### 3.Niche packaging

As electronic products move towards being lighter, thinner, shorter and smaller, the encapsulation technique is going miniature, too. To go with this trend, as far as encapsulation is concerned, Sigurd is shifting towards the WLCSP (Wafer Level Chip Scale Package)-related encapsulation technology. WLCSP encapsulation is smaller in size, costs less and is known for its high production yield. In addition, it offers strengths such as better coplanarity and heat dissipation capacity to high-speed and power management circuits.

### (V) Research and development (R&D)

In addition to continuing recruiting industry talents, the Company also develops technologies and communicates intensely with companies, research institutions, and universities.

## IV. The Impact of external competitive environment, regulatory environment, and overall business environment

Originally, most semiconductor research institutes forecast that the future for the semiconductor is not as promising as it was due to COVID-19 and the US-China trade war, among others. As the pandemic is gradually getting controlled, in addition to the economic recovery, semiconductors were caught in a shortage around the world. Encapsulation and test factories of Taiwan follow one another to disclose their preliminary planning for capital expenditure in 2022. While everything looks good, they remain cautious primarily to avoid the dilemma of excessive supply and undesirable pricing that was encountered in the past.

### 1. Favorable factors:

- (1) Politics has gradually stabilized in all regions of the world.
- (2) The undergoing mergers of global semiconductor manufacturers have been prevalent, which is beneficial to Sigurd in securing more orders from its now merged customer

entities.

- (3) With the COVID-19 pandemic gradually getting controlled, the economy has taken a step further towards recovery.
- (4) The US-China trade war remains, which surprisingly drives relocation of production of semiconductor-related ICs to Taiwan.
- (5) The cost of packaging and testing houses of Mainland China is increasing and getting closer to their counterparts' in Taiwan.
- (6) After the financial tsunami, many IDM companies abroad have reduced their packaging and testing capacity or terminated production lines, which is beneficial for Sigurd to secure more orders from IDM companies.
- (7) New applications such as the metaverse, high-speed computing, deep learning, edge computing, AI, AR/VR, and so on, require high-level processes. Many large international companies choose to place orders in Taiwan, which is beneficial for Sigurd to secure more orders.
- (8) Wearable devices which will bring forth new ideas and the extensive use of the IoT will give rise to a wave of demand for electronic components.
- (9) Ever-stricter automotive waste gas emission criteria gradually turn vehicles towards energy conservation (hybrid or electric vehicles) and self-driving, which is conducive to the growth of vehicle electronic related ICs.
- (10) 5G is commercialized one after another, and 5G-related equipment is gradually fermenting
- (11) Semiconductor shortage remains a concern. However, among the global market, Taiwan has been proactive in expanding production, which is favorable to secure orders.

## 2. Unfavorable factors:

- (1) Persisting factors such as COVID-19 and shortage in manpower are affecting the supply of raw materials and supplies and accordingly the production.
- (2) The cross-strait relations between Taiwan and Mainland China are still filled with variables.
- (3) With semiconductors in shortage, manufacturers have a tendency to blindly expand their facilities, and close attention is needed to observe whether or not there will be excessive throughput and subsequently price-cutting competition once the shortage is relieved.
- (4) The outbreak of war between Russia and Ukraine, which in turn affects the supply of raw materials and the U.S. chip sanctions against Russia, remains to be observed.
- (5) The impact of the expected rate hike and shrinking of balance sheet by the US Federal Reserve on the global economy.
- (6) Potential recession caused by inflation.

For the above reasons, the company remain optimistic yet cautious with their perspective about the economic outlook for 2022.

Chairman: Shin-Yang Huang

Manager: Tsan-Lien Yeh

Accountant Supervisor: Chi-Chang Chen

**Sigurd Microelectronics Corporation**

**Audit Committee's Review Report**

The Board of Directors has prepared and submitted the Company's 2021 Business Report, Financial Statements, and surplus distribution proposal, of which, the Company's 2021 Financial Statements have been audited and certified by CPAs Chih-Cheng Hsieh and Tsai-Yen Chiang of PwC Taiwan, and an audit report is issued. The Business Report, Financial Statements, and surplus distribution proposal have been reviewed by the Audit Committee. We, the Audit Committee, have duly examined the aforementioned reports as correct and accurate. According to Article 14-4 of the Securities and Exchange Act, as well as Article 219 of the Company Act, we hereby submit this report.

To

2022 Annual General Shareholders' Meeting

**Sigurd Microelectronics Corporation**

**Convener of the Audit Committee: Wen-Bin Wu**

March 8, 2022

Attachment 3

Sigurd Microelectronics Corporation  
Presentation of Matters Regarding the 4th Unsecured Convertible Bond

Bond Type	4th Domestic Unsecured Convertible Bond
Date of Approval by Board of Directors	August 4, 2021
Purpose	For the purchase of machinery and equipment. The actual amount raised was NTD 1,592,946 thousand, which was higher than the estimated amount, and the additional NTD 92,946 thousand was used to replenish working capital and repay bank loans.
Document Number Issued by Supervising Regulatory Body	1. FSC (Filing Effective): September 17, 2021 Document No.1100357609 2. TPEx (Listing Approval): October 7, 2021 Document No. 11000113402
Issue Date	October 13, 2021
Denomination	NTD 1,000,000
Issue Price	NTD 106.2 (issued at a premium; auction)
Volume	1,500 units
Total Share Payment Amount	NTD 1,500,000,000
Coupon Rate	0%
Tenor	3 years; October 13, 2021 to October 13, 2024
Date of Last Repayment	October 13, 2024
Interest Calculation and Payment Method	Not applicable
Collateral Status	Not applicable
Call Option Provisions	Please refer to the Company's Guidelines of Issuance and Conversion.
Put Option Provisions	None
Underwriter	KGI Securities Co., Ltd.
Trustee	CTBC Bank, Corporate Trust Service
the accumulated value of outstanding ones as of the date this Annual Report was printed	NTD 1,500,000,000



Sigurd Microelectronics Corporation  
Ethical Corporate Management Best Practice Principles  
Comparison Table of Articles Before and After Amendments

Article	Article Before Amendments	Article After Amendments	Explanation
Article 5	(Policy) The Company should enter into its business philosophy of integrity, transparency and accountability and formulate policies accordingly and based on ethics, in order to establish a good corporate governance and risk management mechanism and create a business environment for sustainable development.	(Policy) The Company should enter into its business philosophy of integrity, transparency and accountability, formulate policies accordingly and based on ethics, and obtain <u>approval from the board of directors</u> , in order to establish a good corporate governance and risk management mechanism and create a business environment for sustainable development.	Amended reflective of the Company's current conduct and regulatory requirements
Article 7	(Scope of preventive measures) When formulating preventive measures, the Company <u>should</u> analyze its scope of operations, identify the business activities with higher risks of unethical behaviors and <u>enhance the relevant preventive procedures</u> accordingly. The preventive measures put in place by the Company should at least cover the following behaviors:  1. Bribery giving and taking 2. Offering of illegal political donations 3. Improper charity donations or sponsorships 4. Offering or acceptance of unreasonable gifts, entertainment or other illegitimate benefits 5. Infringement of business secrets, trademarks, patents, copyrights and other intellectual properties 6. Unfair competition 7. Direct or indirect damage to the	(Scope of preventive measures) The Company <u>shall</u> establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis. It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following: 1. Bribery giving and taking 2. Offering of illegal political donations 3. Improper charity donations or sponsorships 4. Offering or acceptance of unreasonable gifts, entertainment or other illegitimate benefits 5. Infringement of business secrets, trademarks, patents, copyrights and other intellectual properties	Established an assessment of bribery risk  Added reflective of regulatory requirements

Article	Article Before Amendments	Article After Amendments	Explanation
	rights, health and safety of consumers or other stakeholders during the R&D, procurement, manufacturing, offering or sale of products and services	6.Unfair competition 7.Direct or indirect damage to the rights, health and safety of consumers or other stakeholders during the R&D, procurement, manufacturing, offering or sale of products and services	
Article 8	(Commitment and Implementation) The Company, group companies and organizations should clearly state the policy of ethical operation in regulations and external documents. Boards and management should proactively fulfill the commitment to a code of business conduct and proper implementation in internal management and business activities.	(Commitment and Implementation) <u>The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u> The Company, group companies and organizations should clearly state the policy of ethical operation in regulations, external documents and company websites. Boards and management should proactively fulfill the commitment to a code of business conduct and proper implementation in internal management and business activities.  <u>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u>	Added the requirement for the Directors and higher members of the Management to produce declaration of compliance of ethical management policy, as well as requiring the compliance of ethical management policy as a criterion of employment for employed personnel.
Article 17	(Organization and Responsibilities) The Company's directors, supervisors, managers, employees, appointees and persons with substantial control should act with duty of care as a good manager, urge the Company to prevent unethical behaviors and review the implementation effectiveness and ongoing improvements anytime in order to ensure the achievement of the policy for business ethics. To strengthen the management of ethical business conduct, the Company should establish a dedicated unit under the board to take charge of the formation, supervision and execution of the business ethics policy and preventive measures. The primary	(Organization and Responsibilities) The Company's directors, supervisors, managers, employees, appointees and persons with substantial control should act with duty of care as a good manager, urge the Company to prevent unethical behaviors and review the implementation effectiveness and ongoing improvements anytime in order to ensure the achievement of the policy for business ethics. To strengthen the management of ethical business conduct, the Company should establish a dedicated unit under the board to take charge of the formation, <u>and avail itself of adequate resources and staff itself with competent personnel,</u> supervision and execution	Requirements to report to the board of directors on a regular basis, and to analyze and assess on a regular basis the risk of involvement in unethical

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>tasks are as follows and periodical reporting to the board is required.</p> <ol style="list-style-type: none"> <li>1. Assist in incorporating the integrity and ethics into the Company's business strategy and establishing preventive measures in accordance with the laws and regulations to ensure ethical business conduct.</li> <li>2. Establish plans to prevent unethical business conduct and define work-related standard operating procedures and behavioral guidelines for each plan.</li> <li>3. Develop internal organizations, structures and job functions, and a check-and-balance mechanism for monitoring the business activities within the scope of business exposed to high risks of unethical business conduct.</li> <li>4. Advocacy and coordination of training in code of business conduct.</li> <li>5. Plan the whistleblowing system and ensure its effectiveness.</li> <li>6. Assist the board and management in the review and evaluation of the effectiveness of the preventive measures against unethical conduct and produce reports on the compliance of the relevant business procedures on a regular basis.</li> </ol>	<p>of the business ethics policy and preventive measures. The primary tasks are as follows and periodical reporting to the board is required. <u>(at least once a year):</u></p> <ol style="list-style-type: none"> <li>1. Assist in incorporating the integrity and ethics into the Company's business strategy and establishing preventive measures in accordance with the laws and regulations to ensure ethical business conduct.</li> <li>2. <u>Analyzing and assessing on a regular basis the risk,</u> establish plans to prevent unethical business conduct and define work-related standard operating procedures and behavioral guidelines for each plan.</li> <li>3. Develop internal organizations, structures and job functions, and a check-and-balance mechanism for monitoring the business activities within the scope of business exposed to high risks of unethical business conduct.</li> <li>4. Advocacy and coordination of training in code of business conduct.</li> <li>5. Plan the whistleblowing system and ensure its effectiveness.</li> <li>6. Assist the board and management in the review and evaluation of the effectiveness of the preventive measures against unethical conduct and produce reports on the compliance of the relevant business procedures on a regular basis.</li> </ol>	<p>conduct within the business scope</p>
Article 20	<p>(Accounting and Internal Control) The Company should establish an effective accounting system and an internal control system for the business activities exposed to high risks of unethical behaviors. It is not allowed to have an external account or a secret account. The systems should be reviewed at any time to ensure the continued effectiveness of design and implementation. The Company's internal audit <u>unit</u> should conduct regular audits on the compliance of the aforesaid system and produce audit reports for the</p>	<p>(Accounting and Internal Control) The Company should establish an effective accounting system and an internal control system for the business activities exposed to high risks of unethical behaviors. It is not allowed to have an external account or a secret account. The systems should be reviewed at any time to ensure the continued effectiveness of design and implementation. The Company's internal audit of shall, <u>based on the results of assessment of the risk of involvement in unethical conduct,</u></p>	<p>Ensuring that audit results are communicated to anti-bribery management personnel, senior management,</p>

Article	Article Before Amendments	Article After Amendments	Explanation
	board. Audits may be carried out by external accountants, and if necessary, assistance may be sought from professionals.	devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. Audits may be carried out by external accountants, and if necessary, assistance may be sought from professionals. The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.	and to the Board of Directors
Article 23	<p>(Whistle-Blowing System)</p> <p>The Company should formulate and properly implement a whistleblowing system by at least covering the following:</p> <ol style="list-style-type: none"> <li>1. Establish and announce an internal and independent letterbox or dedicated line or provide a letterbox or dedicated line by commissioning an external and independent organization for whistleblowing from internal and external personnel.</li> <li>2. Appoint dedicated personnel or a unit to handle whistleblowing. If a director or a senior manager is involved, reporting should be made to independent directors or supervisors. It is necessary to categorize the matters of whistleblowing and relevant standard operating procedures for investigations according to the actual operational circumstances.</li> <li>3. Production and recordkeeping of the documents in relation to acceptance of whistleblowing and processes and results of the investigation.</li> <li>4. Confidentiality of the identity of whistleblowers and contents of reporting.</li> <li>5. Measures to protect whistleblowers from inappropriate actions due to reporting.</li> </ol>	<p>(Whistle-Blowing System)</p> <p>The Company should formulate and properly implement a whistleblowing system by at least covering the following:</p> <ol style="list-style-type: none"> <li>1. Establish and announce an internal and independent letterbox or dedicated line or provide a letterbox or dedicated line by commissioning an external and independent organization for whistleblowing from internal and external personnel.</li> <li>2. Appoint dedicated personnel or a unit to handle whistleblowing. If a director or a senior management is involved, reporting should be made to independent directors or supervisors. It is necessary to categorize the matters of whistleblowing and relevant standard operating procedures for investigations according to the actual operational circumstances.</li> <li>3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></li> </ol>	Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.

Article	Article Before Amendments	Article After Amendments	Explanation
	<p><u>6.</u> Incentives for whistleblowers. If the Company's dedicated personnel or unit handling whistleblowing identifies after investigation any material breach or risks of material damages to the Company, immediate reporting is required to inform in writing the independent directors or supervisors.</p>	<p><u>4.</u> Production and recordkeeping of the documents in relation to acceptance of whistleblowing and processes and results of the investigation.</p> <p><u>5.</u> Confidentiality of the identity of whistleblowers and contents of reporting.</p> <p><u>6.</u> Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p><u>7.</u> Incentives for whistleblowers. If the Company's dedicated personnel or unit handling whistleblowing identifies after investigation any material breach or risks of material damages to the Company, immediate reporting is required to inform in writing the independent directors or supervisors.</p>	
Article 27	<p>(Implementation) The Company's Code of Business Conduct comes into effect upon approval from the board. It is submitted to supervisors and reported to the shareholders' meeting. The same applies to amendments.</p> <p>The Company has established independent directors. The discussion of the Code of Business Conduct at the board according to the aforesaid requirements should fully take into account the opinions of individual independent directors. Any opposition or reservation should be recorded in the board's meeting minutes. If an independent director cannot attend in person the board meeting to express his/her opposition or reservation, a written opinion should be issued in advance (unless there are legitimate reasons preventing it). It should be noted in the board's meeting minutes.</p> <p>If the Company has established the Audit Committee, the regulations in the Code of Business Conduct applicable to supervisors shall apply to the Audit Committee.</p>	<p>(Implementation) The Company's Code of Business Conduct comes into effect upon approval from the board. It is submitted to supervisors. The same applies to amendments.</p> <p>The discussion of the Code of Business Conduct at the board according to the aforesaid requirements should fully take into account the opinions of individual independent directors. Any opposition or reservation should be recorded in the board's meeting minutes. If an independent director cannot attend in person the board meeting to express his/her opposition or reservation, a written opinion should be issued in advance (unless there are legitimate reasons preventing it). It should be noted in the board's meeting minutes.</p> <p>Since the Company has established an Audit Committee, the regulations in the Code of Business Conduct applicable to supervisors shall apply to the Audit Committee.</p> <p><u>Approved by the Board of Directors on December 24, 2015. The first</u></p>	<p>Amended the requirement to report to the shareholders' meeting, with textual amendments as appropriate</p> <p>Added dates of approval and amendment</p>

Article	Article Before Amendments	Article After Amendments	Explanation
		amendment was made on March 8, <u>2022.</u>	

## **Representation Letter**

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Sigurd Microelectronics Corporation (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2021 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Sigurd Microelectronics Corporation and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. In addition, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Sigurd Microelectronics Corporation does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

Sigurd Microelectronics Corporation

By

Shin-Yang Huang, Chairman

March 8, 2022

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21000354

To the Board of Directors and Shareholders of Sigurd Microelectronics Corporation

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Sigurd Microelectronics Corporation and subsidiaries (the “Sigurd Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, as described in the *Other matters* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sigurd Group as at December 31, 2021 and 2020, and its consolidated financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Sigurd Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## ***Key audit matter***

Key audit matters are the matters that, in our professional judgement, were of most significance in our audit of consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on the matters.

Key audit matters for Sigurd Group's consolidated financial statements of the current period are stated as follows:

### ***Capitalisation of property, plant and equipment***

#### Description

Sigurd Group increased its capital expenditure to meet its operational needs. Please refer to Note 4(15) for accounting policies on property, plant and equipment, and Note 6(7) for details of property, plant and equipment. Considering that capitalisation of property, plant and equipment is significant to Sigurd Group's consolidated financial statements, thus, we identified the audit of capitalisation of property, plant and equipment as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

Assessed and validated the effectiveness of the internal control system over additions to property, plant and equipment, as well as sample tested and examined respective purchase orders and invoices to ensure that transactions were approved accordingly and recognised amounts were accurate. Sample tested and examined the acceptance documents to validate the appropriateness of the timing that assets are ready for use and capitalisation (timing of starting depreciation).

### ***Merger transaction - Acquisition of UTC Group***

#### Description

On April 14, 2021, the Group acquired 100% of share equity of UTC Holdings Corporation with US\$ 165,000 thousand (approximate NT\$ 4,701,842 thousand) and control over UTC Holdings Corporation and its subsidiary, starting from the day, the UTC Holdings Corporation was consolidated into financial statements. The preceding business combination was accounted by the acquisition method.

Please refer to Note 4(30) for the related accounting policies and Note 6(27) for the details of the purchase price allocation. Since the effect of merger transaction was material to consolidated financial statements and the purchase price allocation involved the assessment of management, thus, we consider the merger transaction as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Inquired of management about the decision procedure of the acquisition, including motivation of acquisition, the determination of acquisition price, and the approval of transaction.
2. Reviewed merger transaction contract and checked the voucher of payment.
3. The purchase price allocation was commissioned by Sigurd Group to external appraisers to perform a fair value evaluation of identifiable assets and liabilities of the acquiree. For the report of purchase price allocation, we assessed the reasonableness of valuation method, assumption, discount rate and the purchase price allocation which were used by the appraisers in measuring the fair value of identifiable assets and liabilities of the acquiree.

#### ***Other matter – Audited by other independent auditors***

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent auditors, whose reports thereon have been consolidated furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the reports of other independent auditors. Total assets of those consolidated subsidiaries amounted to NT\$392,778 thousand and NT\$330,564 thousand, constituting 1.07% and 1.11% of the consolidated total assets as at December 31, 2021 and 2020, respectively, and total operating revenues amounted to NT\$332,105 thousand and NT\$212,271 thousand, constituting 1.99% and 1.71% of the total operating revenues for the years ended December 31, 2021 and 2020, respectively.

#### ***Other matter–Parent company only financial statements***

We have also expressed an unqualified opinion on the parent company only financial statements of Sigurd Microelectronics Corporation as of and for the years ended December 31, 2021 and 2020.

## ***Responsibilities of management and those charged with governance for consolidated financial statements***

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal controls as the management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Sigurd Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Sigurd Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Sigurd Group’s financial reporting process.

## ***Auditor’s responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sigurd Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sigurd Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Sigurd Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Sigurd Group to express an opinion on consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From those matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Hsieh, Chih-Cheng

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Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 8, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 7,943,271	22	\$ 5,628,675	19
1110	Current financial assets at fair value through profit or loss	6(2)	481,282	1	532,109	2
1136	Current financial assets at amortised cost	6(4) and 8	1,011,455	3	2,524,164	9
1140	Current contract assets	6(18)	193,381	1	109,872	-
1150	Notes receivable, net	6(5)	720	-	396	-
1170	Accounts receivable, net	6(5)	3,866,733	11	3,303,912	11
1180	Accounts receivable - related parties, net	6(5) and 7	5,491	-	3,811	-
1200	Other receivables		97,947	-	32,833	-
1220	Current tax assets		32,791	-	12,532	-
130X	Inventories	6(6)	304,078	1	185,466	1
1410	Prepayments		746,019	2	667,396	2
1470	Other current assets		164,916	-	37,463	-
11XX	Total current assets		14,848,084	41	13,038,629	44
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	1,576,506	4	878,100	3
1535	Non-current financial assets at amortised cost	6(4) and 8	69,887	-	159,813	1
1600	Property, plant and equipment	6(7) and 8	18,479,301	50	14,629,289	49
1755	Right-of-use assets	6(8)	826,733	2	822,847	3
1780	Intangible assets		192,547	1	101,740	-
1840	Deferred tax assets	6(25)	389,770	1	75,345	-
1900	Other non-current assets		220,145	1	108,148	-
15XX	Total non-current assets		21,754,889	59	16,775,282	56
1XXX	Total assets		\$ 36,602,973	100	\$ 29,813,911	100

(Continued)

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 245,444	1	\$ 1,067,131	3
2130	Current contract liabilities	6(18)	106,290	-	19,127	-
2150	Notes payable		4,175	-	2,658	-
2170	Accounts payable		378,437	1	379,746	1
2219	Other payables	6(10)	3,383,018	9	2,650,287	9
2230	Current income tax liabilities		489,295	1	306,627	1
2250	Current provisions		9,817	-	12,321	-
2280	Current lease liabilities		263,461	1	488,684	2
2320	Long-term liabilities, current portion	8	2,423,169	7	3,786,572	13
2399	Other current liabilities, others		391,208	1	225,465	1
21XX	Total current liabilities		7,694,314	21	8,938,618	30
Non-current liabilities						
2530	Bonds payable	6(11)	4,383,961	12	830,801	3
2540	Long-term borrowings	6(12) and 8	5,748,648	16	4,518,748	15
2570	Deferred tax liabilities	6(25)	52,366	-	40,931	-
2580	Non-current lease liabilities		560,131	1	305,872	1
2600	Other non-current liabilities	6(13)	336,730	1	232,770	1
25XX	Total non-current liabilities		11,081,836	30	5,929,122	20
2XXX	Total liabilities		18,776,150	51	14,867,740	50
Equity						
Equity attributable to owners of parent						
	Share capital	6(14)				
3110	Ordinary share		4,520,782	12	4,316,114	15
	Capital surplus	6(15)				
3200	Capital surplus		942,353	3	715,446	2
	Retained earnings	6(16)				
3310	Legal reserve		1,526,636	4	1,351,118	5
3350	Unappropriated retained earnings		7,816,291	21	6,029,494	20
	Other equity interest	6(17)				
3400	Other equity interest		636,474	2	284,146	1
31XX	Equity attributable to owners of parent		15,442,536	42	12,696,318	43
36XX	Non-controlling interests		2,384,287	7	2,249,853	7
3XXX	Total equity		17,826,823	49	14,946,171	50
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the reporting period	11				
3X2X	Total liabilities and equity		\$ 36,602,973	100	\$ 29,813,911	100

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Items		Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	\$ 16,681,264	100	\$ 12,428,549	100
5000	Operating costs	6(6)(23)(24)	( 11,732,806)	( 70)	( 8,819,196)	( 71)
5950	Gross profit from operations		4,948,458	30	3,609,353	29
	Operating expenses	6(23)(24)				
6100	Selling and marketing expenses		( 218,888)	( 1)	( 176,411)	( 2)
6200	General and administrative expenses		( 872,459)	( 5)	( 671,642)	( 5)
6300	Research and development expenses		( 416,714)	( 3)	( 422,555)	( 3)
6000	Total operating expenses		( 1,508,061)	( 9)	( 1,270,608)	( 10)
6900	Operating profit		3,440,397	21	2,338,745	19
	Non-operating income and expenses					
7100	Interest income	6(19)	30,930	-	52,764	-
7010	Other income	6(20)(27)	157,193	1	66,315	1
7020	Other gains and losses	6(21)	199,497	1	( 59,688)	-
7050	Finance costs	6(22)	( 165,205)	( 1)	( 119,560)	( 1)
7000	Total non-operating income and expenses		222,415	1	( 60,169)	-
7900	<b>Profit before income tax</b>		3,662,812	22	2,278,576	19
7950	Income tax expense	6(25)	( 626,564)	( 4)	( 351,987)	( 3)
8000	<b>Profit from continuing operations</b>		3,036,248	18	1,926,589	16
8200	<b>Profit for the year</b>		\$ 3,036,248	18	\$ 1,926,589	16

(Continued)



**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311 Losses on remeasurements of defined benefit plans	6(13)	\$ 54,894	-	(\$ 31,484)	-
8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	415,297	3	322,368	2
8349 Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	6(25)	( 11,543)	-	-	-
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		458,648	3	290,884	2
<b>Components of other comprehensive loss that might be reclassified to profit or loss</b>					
8361 Exchange differences on translation of foreign operations	6(17)	( 85,086)	( 1)	( 147,137)	( 1)
8360 Components of other comprehensive loss that might be reclassified to profit or loss		( 85,086)	( 1)	( 147,137)	( 1)
8300 <b>Other comprehensive income</b>		\$ 373,562	2	\$ 143,747	1
8500 <b>Total comprehensive income</b>		\$ 3,409,810	20	\$ 2,070,336	17
Profit, attributable to:					
8610 Owners of parent		\$ 2,787,446	17	\$ 1,783,299	15
8620 Non-controlling interests		248,802	1	143,290	1
Total profit		\$ 3,036,248	18	\$ 1,926,589	16
Comprehensive income attributable to:					
8710 Owners of parent		\$ 3,194,808	19	\$ 2,005,290	16
8720 Non-controlling interests		215,002	1	65,046	1
Total comprehensive income		\$ 3,409,810	20	\$ 2,070,336	17
Basic earnings per share (in dollars)	6(26)				
9750 Basic earnings per share		\$ 6.25		\$ 4.22	
Diluted earnings per share (in dollars)	6(26)				
9850 Diluted earnings per share		\$ 5.95		\$ 3.87	

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Equity attributable to owners of the parent																					
Retained Earnings						Other equity interest		Total	Non-controlling interests	Total equity											
Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets at fair value through other comprehensive income														
<b>2020</b>																					
Balance at January 1, 2020	\$	4,206,834	\$	923,672	\$	1,218,457	\$	48,273	\$	4,822,385	( \$	6,699 )	\$	40,732	\$	11,253,654	\$	2,269,528	\$	13,523,182	
Profit for the year		-		-		-		1,783,299		-		-		-		1,783,299		143,290		1,926,589	
Other comprehensive (loss) income for the year	6(3)(17)																				
		-		-		-		( 28,122 )		( 72,255 )		-		322,368		221,991		( 78,244 )		143,747	
Total comprehensive income (loss)		-		-		-		1,755,177		( 72,255 )		-		322,368		2,005,290		65,046		2,070,336	
Distribution of 2019 earnings	6(16)																				
Legal reserve		-		-		132,661		-		( 132,661 )		-		-		-		-		-	
Reversal of special reserve		-		-		-		( 48,273 )		48,273		-		-		-		-		-	
Cash dividends		-		-		-		( 463,680 )		-		-		-		( 463,680 )		-		( 463,680 )	
Cash distribution from capital surplus	6(15)(16)	-		( 463,680 )		-		-		-		-		-		( 463,680 )		-		( 463,680 )	
Conversion of corporate bonds	6(11)(14)(15)	109,280		255,454		-		-		-		-		-		364,734		-		364,734	
Cash dividends paid to non-controlling interest from subsidiary	4(3)	-		-		-		-		-		-		-		-		( 98,354 )		( 98,354 )	
Subsidiary's issuance of share capital - increase in non-controlling interest		-		-		-		-		-		-		-		-		14,850		14,850	
Non-controlling interests		-		-		-		-		-		-		-		-		( 1,217 )		( 1,217 )	
Balance at December 31, 2020		\$	4,316,114	\$	715,446	\$	1,351,118		-	\$	6,029,494	( \$	78,954 )	\$	363,100	\$	12,696,318	\$	2,249,853	\$	14,946,171
<b>2021</b>																					
Balance at January 1, 2021		\$	4,316,114	\$	715,446	\$	1,351,118		-	\$	6,029,494	( \$	78,954 )	\$	363,100	\$	12,696,318	\$	2,249,853	\$	14,946,171
Profit for the year		-		-		-		2,787,446		-		-		-		2,787,446		248,802		3,036,248	
Other comprehensive income (loss) for the year	6(3)(17)	-		-		-		43,976		( 51,911 )		415,297		407,362		( 33,800 )		373,562		373,562	
Total comprehensive income(loss)		-		-		-		2,831,422		( 51,911 )		415,297		3,194,808		215,002		3,409,810		3,409,810	
Distribution of 2020 earnings	6(16)																				
Legal reserve		-		-		175,518		-		( 175,518 )		-		-		-		-		-	
Cash dividends		-		-		-		( 880,165 )		-		-		( 880,165 )		-		( 880,165 )		( 880,165 )	
Cash distribution from capital surplus	6(15)(16)	-		( 396,074 )		-		-		-		-		( 396,074 )		-		( 396,074 )		( 396,074 )	
Proceeds from issuing bonds	6(15)	-		136,893		-		-		-		-		136,893		-		136,893		136,893	
Conversion of corporate bonds	6(11)(14)(15)	204,668		486,088		-		-		-		-		690,756		-		690,756		690,756	
Disposal of equity instruments at fair value through other comprehensive income	6(3)(17)	-		-		-		11,058		-		( 11,058 )		-		-		-		-	
Cash dividends paid to non-controlling interest from subsidiary	4(3)	-		-		-		-		-		-		-		-		( 80,568 )		( 80,568 )	
Balance at December 31, 2021		\$	4,520,782	\$	942,353	\$	1,526,636	\$	-	\$	7,816,291	( \$	130,865 )	\$	767,339	\$	15,442,536	\$	2,384,287	\$	17,826,823

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Year ended December 31	
	Notes	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 3,662,812	\$ 2,278,576
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(23)	3,973,194	2,865,109
Amortisation	6(23)	56,813	63,250
Net profit on financial assets at fair value through profit or loss	6(2)(21)	( 18,734 )	( 46,228 )
Finance costs	6(22)	165,205	119,560
Interest income	6(19)	( 30,930 )	( 52,764 )
Dividends income	6(20)	( 16,121 )	( 12,495 )
Gain on disposal of property, plant and equipment	6(21)	( 166,080 )	( 22,105 )
Gain recognised in bargain purchase transaction	6(20)	16,441	-
Government grants	6(12)	( 1,628 )	-
Impairment of non-financial assets	6(7)(21)	350	2,083
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		70,611	( 147,874 )
Contract assets	(	( 83,846 )	10,150
Notes receivable	(	( 323 )	276
Accounts receivable	(	( 224,899 )	( 264,264 )
Accounts receivable-related parties	(	( 1,680 )	1,813
Other receivables	(	( 22,270 )	20,732
Inventories	(	( 61,007 )	( 15,561 )
Prepayments	(	( 50,116 )	( 396,247 )
Other current assets	(	( 127,568 )	( 16,889 )
Other non-current assets	(	( 5,985 )	( 285 )
Changes in operating liabilities			
Contract liabilities		87,191	8,939
Notes payable		1,516	248
Accounts payable	(	( 116,342 )	154,129
Other payables		588,020	358,077
Provisions	(	( 2,244 )	9,949
Other current liabilities		32,373	136,402
Defined benefit liabilities	(	( 20,825 )	( 789 )
Other non-current liabilities	(	( 3,283 )	( 1,399 )
Cash inflow generated from operations		7,700,645	5,052,393
Interest received		35,313	57,018
Dividends received		16,121	12,495
Interest paid	(	( 142,423 )	( 118,478 )
Income tax paid	(	( 470,343 )	( 414,451 )
Net cash flows from operating activities		7,139,313	4,588,977

(Continued)

The accompanying notes are an integral part of these consolidated financial statements.

**SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Year ended December 31	
	Notes	2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		( \$ 1,695,455 )	( \$ 5,061,760 )
Proceed from disposal of financial assets at amortised cost		3,273,128	6,636,660
Acquisition of financial assets at fair value through other comprehensive income		( 158,000 )	( 60,000 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	11,058	-
Decrease in other receivable		3,040,026	-
Acquisition of property, plant and equipment	6(28)	( 7,366,952 )	( 6,883,125 )
Proceeds from disposal of property, plant and equipment		782,493	151,632
Acquisition of intangible assets		( 125,417 )	( 61,995 )
Increase in refundable deposits		( 21,258 )	( 5,086 )
Decrease in refundable deposits		15,099	6,145
Net cash outflows from acquisition of a subsidiary	6(27)	( 4,458,677 )	-
Net cash flows used in investing activities		( 6,703,955 )	( 5,277,529 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings	6(29)	2,520,595	2,901,946
Repayments of short-term borrowings	6(29)	( 3,341,024 )	( 2,474,973 )
Proceeds from issuance of corporate bonds		4,487,903	-
Repayments of corporate bonds		-	( 400 )
Proceeds from long-term borrowings		13,369,450	13,636,854
Repayments of long-term borrowings		( 13,496,286 )	( 11,175,194 )
Increase in guarantee deposits received	6(29)	445	3,032
Decrease in guarantee deposits received	6(29)	( 89 )	( 4,407 )
Repayments of lease liabilities	6(29)	( 230,276 )	( 158,112 )
Cash dividends paid	6(16)	( 880,165 )	( 463,680 )
Cash distribution from capital surplus	6(15)(16)	( 396,074 )	( 463,680 )
Cash dividends paid to non-controlling interests	4(3)	( 80,568 )	( 98,354 )
Non-controlling interests		-	( 1,217 )
Subsidiary's issuance of share capital - increase in non-controlling interests		-	14,850
Net cash flows from financing activities		1,953,911	1,716,665
Effect of changes in exchange rate		( 74,673 )	( 20,377 )
Net increase in cash and cash equivalents		2,314,596	1,007,736
Cash and cash equivalents at beginning of year	6(1)	5,628,675	4,620,939
Cash and cash equivalents at end of year	6(1)	\$ 7,943,271	\$ 5,628,675

The accompanying notes are an integral part of these consolidated financial statements.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21000353

To the Board of Directors and Shareholders of Sigurd Microelectronics Corporation

### ***Opinion***

We have audited the parent company only balance sheets of Sigurd Microelectronics Corporation (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors (please refer to the *Other matter* section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Sigurd Microelectronics Corporation as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matter***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Company's parent company only financial statements of the current period are stated as follows:

### ***Capitalisation of property, plant and equipment***

## Description

The Company increased the capital expenditure to meet its operational needs. Please refer to Note 4 (14) for accounting policies on property, plant and equipment, and Note 6(8) for details of property, plant and equipment. Considering capitalisation of property, plant and equipment is significant to the Company's parent company only financial statements, thus, we identified the audit of capitalisation of property, plant and equipment as a key audit matter.

## How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter: Assessed and validated the effectiveness of the internal control system over additions to property, plant and equipment, as well as sample tested and examined respective purchase orders and invoices to ensure that transactions were approved accordingly and recognised amounts were accurate. Sample tested and examined the acceptance documents to validate the appropriateness of the timing that assets are ready for use and capitalisation (timing of starting depreciation).

## ***Merger transaction - Acquisition of UTC Group***

### Description

On April 14, 2021, the Group acquired 100% of share equity of UTC Holdings Corporation with US\$ 165,000 thousand (approximate NT\$ 4,701,842 thousand) and accounted as investments accounted for using equity method. Since the effect of merger transaction was material to parent company only financial statements and the purchase price allocation involved the assessment of management, thus, we consider the merger transaction as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matters:

4. Inquired of management about the decision procedure of the acquisition, including motivation of acquisition, the determination of acquisition price, and the approval of transaction.
5. Reviewed merger transaction contract and checked the voucher of payment.
6. The purchase price allocation was commissioned by the Company to external professional appraisers to perform a fair value evaluation of identifiable assets and liabilities of the acquiree. For the report of purchase price allocation to the merger transaction, we assessed the reasonableness of valuation method, assumption, discount rate and the purchase price allocation which were used by the appraisers in performing the fair valuation of identifiable assets and liabilities of the acquiree.

## ***Other matter — Audited by other independent auditors***

We did not audit the 2021 and 2020 financial statements of certain investee companies accounted for using the equity method. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of other independent auditors. Investments accounted for using equity method amounted to NT\$ 96,756 thousand and NT\$ 84,465 thousand, constituting 0.33% and 0.35% of total assets, as at

December 31, 2021 and 2020, respectively, and their comprehensive income (loss) amounted to NT\$ 12,291 thousand and NT\$ 3,955 thousand, constituting 0.38% and 0.20% of the total comprehensive (loss) income for the years ended December 31, 2021 and 2020, respectively.

### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal controls as the management determines are necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

### ***Auditor's responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From those matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the parent company only financial statements of the current period and is therefore the key audit matter. We describe the matter in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Hsieh, Chih-Cheng

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Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan



March 8, 2022

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,802,894	13	\$ 3,432,217	14
1110	Current financial assets at fair value through profit or loss	6(2)	481,282	2	532,109	2
1136	Current financial assets at amortised cost	6(4)	78,480	-	406,320	2
1140	Current contract assets	6(19)	143,371	-	89,343	-
1170	Accounts receivable, net	6(5)	2,231,260	8	2,286,498	10
1180	Accounts receivable - related parties, net	6(5) and 7	112,427	-	64,260	-
1200	Other receivables		39,544	-	19,297	-
1210	Other receivables - related parties	7	144,155	1	107,197	1
130X	Inventories	6(6)	101,708	-	92,966	-
1410	Prepayments		473,908	2	370,422	2
1470	Other current assets		1,488	-	1,297	-
11XX	Total current assets		7,610,517	26	7,401,926	31
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	1,453,872	5	868,140	4
1535	Non-current financial assets at amortised cost	6(4) and 8	30,000	-	56,910	-
1550	Investments accounted for using equity method	6(7)	8,136,911	28	5,371,460	22
1600	Property, plant and equipment	6(8) and 8	11,477,485	40	9,956,610	41
1755	Right-of-use assets	6(9)	263,052	1	501,943	2
1780	Intangible assets		28,667	-	23,900	-
1840	Deferred tax assets	6(26)	52,096	-	46,167	-
1920	Other non-current assets		22,695	-	11,520	-
15XX	Total non-current assets		21,464,778	74	16,836,650	69
1XXX	Total assets		\$ 29,075,295	100	\$ 24,238,576	100

(Continued)

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

Liabilities and Equity			December 31, 2021		December 31, 2020			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(10) and 8	\$	-	-	\$	837,426	3
2130	Current contract liabilities	6(19)		4,054	-		7,575	-
2150	Notes payable			259	-		2	-
2170	Accounts payable			131,069	1		141,609	1
2200	Other payables	6(11)		1,879,215	7		1,643,597	7
2220	Other payables - related parties	7		11,000	-		24,984	-
2230	Current income tax liabilities			385,229	1		281,813	1
2280	Current lease liabilities			103,274	-		443,105	2
2320	Long-term liabilities, current portion	6(13) and 8		2,279,068	8		3,605,468	15
2399	Other current liabilities, others	6(19)		370,318	1		185,493	1
21XX	Total current liabilities			5,163,486	18		7,171,072	30
Non-current liabilities								
2530	Bonds payable	6(12)		4,383,961	15		830,801	3
2540	Long-term borrowings	6(13) and 8		3,728,502	13		3,257,910	14
2570	Deferred tax liabilities	6(26)		40,434	-		37,146	-
2580	Non-current lease liabilities			136,247	-		20,258	-
2600	Other non-current liabilities	6(7)(14)		180,129	1		225,071	1
25XX	Total non-current liabilities			8,469,273	29		4,371,186	18
2XXX	Total liabilities			13,632,759	47		11,542,258	48
Equity								
	Share capital	6(15)						
3110	Ordinary share			4,520,782	15		4,316,114	18
	Capital surplus	6(16)						
3200	Capital surplus			942,353	3		715,446	3
	Retained earnings	6(17)						
3310	Legal reserve			1,526,636	5		1,351,118	5
3350	Unappropriated retained earnings			7,816,291	27		6,029,494	25
	Other equity interest	6(18)						
3400	Other equity interest			636,474	3		284,146	1
3XXX	Total equity			15,442,536	53		12,696,318	52
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the reporting period	11						
3X2X	Total liabilities and equity		\$	29,075,295	100	\$	24,238,576	100

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

			Year ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	\$ 10,364,704	100	\$ 8,404,291	100
5000	Operating costs	6(6)(24)(25)	( 6,668,505 )	( 64 )	( 5,603,166 )	( 67 )
5900	Gross profit from operations		3,696,199	36	2,801,125	33
	Operating expenses	6(24)(25) and 7				
6100	Selling and marketing expenses		( 102,876 )	( 1 )	( 89,930 )	( 1 )
6200	General and administrative expenses		( 419,673 )	( 4 )	( 341,346 )	( 4 )
6300	Research and development expenses		( 379,513 )	( 4 )	( 401,498 )	( 5 )
6000	Total operating expenses		( 902,062 )	( 9 )	( 832,774 )	( 10 )
6900	Operating profit		2,794,137	27	1,968,351	23
	Non-operating income (expenses)					
7100	Interest income	6(20)	13,092	-	16,056	-
7010	Other income	6(21) and 7	96,347	1	66,300	1
7020	Other gains and losses	6(22) and 7	132,551	1	( 60,953 )	( 1 )
7050	Finance costs	6(23)	( 108,449 )	( 1 )	( 78,138 )	( 1 )
7070	Share of profit of subsidiaries and associates, joint ventures accounted for using equity method	6(7)	377,723	4	171,101	2
7000	Total non-operating income (expenses)		511,264	5	114,366	1
7900	Profit before income tax		3,305,401	32	2,082,717	24
7950	Income tax expense	6(26)	( 517,955 )	( 5 )	( 299,418 )	( 4 )
8200	Profit for the year		\$ 2,787,446	27	\$ 1,783,299	20
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(3)(18)				
8311	Gain (losses) on remeasurements of defined benefit plan		\$ 55,519	-	( \$ 28,122 )	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income		415,297	4	322,368	4
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		( 11,543 )	-	-	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		459,273	4	294,246	4
	Components of other comprehensive loss that might be reclassified to profit or loss	6(18)				
8361	Exchange differences on translation of foreign operations		( 51,911 )	-	( 72,255 )	( 1 )
8360	Components of other comprehensive loss that might be reclassified to profit or loss		( 51,911 )	-	( 72,255 )	( 1 )
8500	Total comprehensive income for the year		\$ 3,194,808	31	\$ 2,005,290	23
	Basic earnings per share (in dollars)	6(27)				
9750	Basic earnings per share		\$ 6.25		\$ 4.22	
	Diluted earnings per share (in dollars)	6(27)				
9850	Diluted earnings per share		\$ 5.95		\$ 3.87	

SIGURD MICROELECTRONICS CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

2020

Balance at January 1, 2020	\$ 4,206,834	\$ 923,672	\$ 1,218,457	\$ 48,273	\$ 4,822,385	( \$ 6,699 )	\$ 40,732	\$ 11,253,654
Profit for the year	-	-	-	-	1,783,299	-	-	1,783,299
Other comprehensive (loss) income for the year	-	-	-	-	( 28,122 )	( 72,255 )	322,368	221,991
Total comprehensive income (loss)	-	-	-	-	1,755,177	( 72,255 )	322,368	2,005,290
Distribution of 2019 earnings:	6(17)							
Legal reserve	-	-	132,661	-	( 132,661 )	-	-	-
Reversal of special reserve	-	-	-	( 48,273 )	48,273	-	-	-
Cash dividends	-	-	-	-	( 463,680 )	-	-	( 463,680 )
Cash distribution from capital surplus	6(16)(17)	( 463,680 )	-	-	-	-	-	( 463,680 )
Conversion of corporate bonds	6(15)(16)	109,280	255,454	-	-	-	-	364,734
Balance at December 31, 2020	\$ 4,316,114	\$ 715,446	\$ 1,351,118	\$ -	\$ 6,029,494	( \$ 78,954 )	\$ 363,100	\$ 12,696,318

2021

Balance at January 1, 2021	\$ 4,316,114	\$ 715,446	\$ 1,351,118	\$ -	\$ 6,029,494	( \$ 78,954 )	\$ 363,100	\$ 12,696,318
Profit for the year	-	-	-	-	2,787,446	-	-	2,787,446
Other comprehensive income (loss) for the year	-	-	-	-	43,976	( 51,911 )	415,297	407,362
Total comprehensive income (loss)	-	-	-	-	2,831,422	( 51,911 )	415,297	3,194,808
Distribution of 2020 earnings:								
Legal reserve	-	-	175,518	-	( 175,518 )	-	-	-
Cash dividends	6(17)	-	-	-	( 880,165 )	-	-	( 880,165 )
Cash distribution from capital surplus	6(16)(17)	( 396,074 )	-	-	-	-	-	( 396,074 )
Issuance of corporate bonds	6(12)(16)	-	136,893	-	-	-	-	136,893
Conversion of corporate bonds	6(15)(16)	204,668	486,088	-	-	-	-	690,756
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	11,058	-	( 11,058 )	-
Balance at December 31, 2021	\$ 4,520,782	\$ 942,353	\$ 1,526,636	\$ -	\$ 7,816,291	( \$ 130,865 )	\$ 767,339	\$ 15,442,536

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Year ended December 31	
	Notes	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 3,305,401	\$ 2,082,717
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	2,678,760	2,006,335
Amortisation	6(24)	22,047	16,027
Net profit on financial assets at fair value through profit or loss	6(2)(22)	( 18,734 )	( 46,228 )
Finance costs	6(23)	108,449	78,138
Interest income	6(21)	( 13,092 )	( 16,056 )
Gain recognised in bargain purchase transaction	6(21)	( 16,441 )	-
Dividends income	6(21)	( 13,804 )	( 12,495 )
Share of profit of subsidiaries, associates and joint ventures accounted using equity method	6(7)	( 377,723 )	( 171,101 )
Gain on disposal of property, plant and equipment	6(22)	( 127,639 )	( 23,833 )
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		70,611	( 147,874 )
Contract assets		( 54,028 )	10,931
Accounts receivable		55,237	( 636,792 )
Accounts receivable - related parties		( 48,167 )	( 57,824 )
Other receivables		( 20,277 )	10,969
Other receivables - related parties		3,786	( 3,342 )
Inventories		( 8,742 )	( 32,212 )
Prepayments		( 110,881 )	( 145,235 )
Other current assets		( 191 )	4,271
Changes in operating liabilities			
Notes payable		257	( 798 )
Contract liabilities		( 3,521 )	6,387
Accounts payable		( 10,540 )	19,731
Other payables		416,705	355,408
Other payables - related parties		( 19,307 )	( 7,716 )
Other current liabilities		40,058	126,326
Defined benefit liabilities		( 1,764 )	( 724 )
Cash inflow generated from operations		5,856,460	3,415,010
Interest received		13,123	17,905
Dividends received		124,079	112,745
Interest paid		( 111,115 )	( 76,686 )
Income tax paid		( 417,180 )	( 222,074 )
Net cash flows from operating activities		5,465,367	3,246,900

(Continued)

The accompanying notes are an integral part of these parent company only financial statements.

**SIGURD MICROELECTRONICS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Year ended December 31	
	Notes	2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		\$ -	(\$ 412,300 )
Proceeds from disposal of financial assets at amortised cost		354,750	1,707,550
Acquisition of financial assets at fair value through other comprehensive income		( 158,000 )	( 50,000 )
Acquisition of investments accounted for using equity method	6(7)	( 5,445,110 )	( 630,150 )
Proceeds from capital reduction of investments accounted for using equity method	6(7)	2,900,000	-
Acquisition of property, plant and equipment	6(28)	( 4,240,555 )	( 4,301,246 )
Proceeds from disposal of property, plant and equipment		203,597	47,272
Acquisition of intangible assets		( 26,075 )	( 16,310 )
Increase in refundable deposits		( 7,363 )	( 4,324 )
Decrease in refundable deposits		2,670	3,898
Net cash flows used in investing activities		( 6,416,086 )	( 3,655,610 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings	6(29)	2,016,061	2,233,736
Repayments of short-term borrowings	6(29)	( 2,853,487 )	( 1,967,552 )
Proceeds from issuance of corporate bonds	6(29)	4,487,903	-
Repayments of corporate bonds	6(29)	-	( 400 )
Proceeds from long-term borrowings	6(29)	12,085,000	12,678,000
Repayment of long-term borrowings	6(29)	( 12,940,808 )	( 10,938,259 )
Increase in guarantee deposits received	6(29)	-	2,920
Decrease in guarantee deposits received	6(29)	-	( 4,318 )
Repayments of lease liabilities	6(29)	( 197,034 )	( 88,106 )
Cash dividends paid	6(17)	( 880,165 )	( 463,680 )
Cash distribution from capital surplus	6(16)(17)	( 396,074 )	( 463,680 )
Net cash flows from financing activities		1,321,396	988,661
Net increase in cash and cash equivalents		370,677	579,951
Cash and cash equivalents at beginning of year	6(1)	3,432,217	2,852,266
Cash and cash equivalents at end of year	6(1)	\$ 3,802,894	\$ 3,432,217

The accompanying notes are an integral part of these parent company only financial statements.

## Attachment 6

Sigurd Microelectronics Corporation  
Surplus Distribution Proposal  
Year 2021

Unit: NT\$

Item	Amount	Note
Undistributed earnings at start of term	4,973,811,844	
Plus: After-tax net profit of the term	2,787,445,647	
Remeasurement of defined benefit plans	55,518,976	
Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(11,542,541)	
Plus: Disposal of equity instrument measured at fair value through other comprehensive profit or loss	11,058,252	
Basis for appropriation of the legal reserve	2,842,480,334	
Less: Legal reserve	( 284,248,033)	
Quantity available for distribution of the year	7,532,044,145	
Distributed item		
Less: Cash bonus for shareholders (approximately NTD 3.0 per share)	(1,369,427,232)	
Less: Stock dividend and bonus	0	
Balance of unappropriated retained earnings at the end of period	6,162,616,913	

Note: The ratio of cash dividends distributed to shareholders is based on the total number of 452,258,877 shares available for distribution. Future ratio of cash dividends shall be adjusted if the number of shares available for distribution is subsequently affected by the repurchase of the Company's shares, the transfer of treasury stock to employees, the conversion of employee stock options, the conversion of new shares with restricted employee rights, or the conversion of corporate bonds into common shares.

Chairman: Shin-Yang Huang    Manager: Tsan-Lien Yeh    Accountant Supervisor: Chi-Chang Chen



Attachment 7

Sigurd Microelectronics Corporation  
Procedures for Acquisition or Disposal of Assets  
Comparison Table of Articles Before and After Amendments

Article	Article Before Amendments	Article After Amendments	Explanation
Article 9	<p>Announcement and Report</p> <p>I. Under any of the following circumstances, the Company shall publicly announce and report the information regarding acquiring or disposing of assets on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> <li>2. Merger, demerger, acquisition, or transfer of</li> </ol>	<p>Announcement and Report</p> <p>I. Under any of the following circumstances, the Company shall publicly announce and report the information regarding acquiring or disposing of assets on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> <li>2. Merger, demerger, acquisition, or transfer of</li> </ol>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>A. For a company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>B. For a company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company</p>	<p>shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>A. For a company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>B. For a company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>expects to invest in the transaction reaches NT\$500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics (excluding subordinated debt, or subscription or repurchase of securities investment trusts or futures trusts) that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending</p>	<p>in the transaction reaches NT\$500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of subscribe for foreign government bonds in the domestic primary market or ordinary corporate bonds or of general bank debentures without equity characteristics (excluding subordinated debt, or subscription or repurchase of securities investment trusts or futures trusts) that are offered and issued in the domestic primary market, or <u>subscription or redemption of exchange traded notes</u>, by a securities firm of</p>	<p>Amended per 28 January 2022 Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission</p>

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	<p>securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding</p>	
	<p>The amount of transactions above shall be calculated as follows:</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding</p>	<p>The amount of transactions above shall be calculated as follows:</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>II. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>III. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>1. Change, termination, or rescission of a contract signed in regard to the original transaction.</li> <li>2. The merger, demerger, acquisition, or transfer of shares is not completed by</li> </ol>	<p>preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>II. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>III. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>1. Change, termination, or rescission of a contract signed in regard to the original transaction.</li> <li>2. The merger, demerger,</li> </ol>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>the scheduled date set forth in the contract.</p> <p>3. Change to the originally publicly announced and reported information.</p> <p>IV. Matters to be publicly announced and reported by the Company's subsidiaries:</p> <p>1. The subsidiaries shall adopt and implement the procedures for the acquisition or disposal of assets in compliance with these Procedures.</p> <p>2. Information required to be publicly announced and reported in accordance with the provisions on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be reported by the Company.</p> <p>3. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.</p> <p>4. For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by</p>	<p>acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>3. Change to the originally publicly announced and reported information.</p> <p>IV. Matters to be publicly announced and reported by the Company's subsidiaries:</p> <p>1. The subsidiaries shall adopt and implement the procedures for the acquisition or disposal of assets in compliance with these Procedures.</p> <p>2. Information required to be publicly announced and reported in accordance with the provisions on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be reported by the Company.</p> <p>3. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.</p> <p>4. For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</p> <p>V. Public announcement and regulatory filing procedures In accordance with Article 7 and Article 5(2) of these Procedures, when the Company acquires or disposes of assets, the financial unit shall prepare a draft announcement within two days from the date of boards of directors resolutions or the date of occurrence, make the announcement in accordance with Article 8 of these Procedures, and submit the relevant information to each relevant unit.</p> <p>VI. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required</p>	<p>under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</p> <p>V. Public announcement and regulatory filing procedures In accordance with Article 7 and Article 5(2) of these Procedures, when the Company acquires or disposes of assets, the financial unit shall prepare a draft announcement within two days from the date of boards of directors resolutions or the date of occurrence, make the announcement in accordance with Article 8 of these Procedures, and submit the relevant information to each relevant unit.</p> <p>VI. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>VII. As the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>VII. As the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	
Article 10	<p>Acquisition of Asset Appraisal or Analysis Reports</p> <p>I. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference</p>	<p>Acquisition of Asset Appraisal or Analysis Reports</p> <p>I. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference</p>	



Article	Article Before Amendments	Article After Amendments	Explanation
	<p>basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be <u>engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is</p>	<p>basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or</p>	<p>Since the requirement for the external professional personnel to comply with the self-regulatory rules of the industry associations already covers the procedures to be performed by an accountant in issuing an opinion, the requirement to comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF is deleted.</p>

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>II. While acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with</u></p>	<p>more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>II. While acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where</p>	<p>Discretionary text revision</p>

Article	Article Before Amendments	Article After Amendments	Explanation
	<p><u>the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>IV. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 9 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reach 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>IV. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 9 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>V. Where the Company acquires or disposes of assets through</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>V. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>VI. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</li> <li>2. May not be a related party or de facto related party of</li> </ol>	<p>court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>VI. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</li> <li>2. May not be a related party or de facto related party of any party to the transaction.</li> <li>3. If the Company is required</li> </ol>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>any party to the transaction.</p> <p>3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy, and</u> reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a</li> </ol>	<p>to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph <u>shall comply with the self-regulatory rules of the industry associations to which they belong and with the</u> following provisions:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</li> <li>2. When <u>execution</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</li> <li>4. They shall issue a</li> </ol>	<p>Discretionary text revision</p>

Article	Article Before Amendments	Article After Amendments	Explanation
	statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate</u> , and that they have complied with applicable laws and regulations.	statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate</u> and reasonable, and that they have complied with applicable laws and regulations.	
Article 12	<p>Procedures for Handling Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in this paragraph shall be made in accordance with Article 9 herein.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. When the Company intends to acquire or dispose of real property or right-of-use assets</p>	<p>Procedures for Handling Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in this paragraph shall be made in accordance with Article 9 herein.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. When the Company intends to acquire or dispose of real property or right-of-use assets</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with this Article.</li> <li>4. The date and price at</li> </ol>	<p>thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with this Article.</li> <li>4. The date and price at</li> </ol>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 9 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p>	<p>which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 9 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the types of</p>	<p>Enhanced management for related party transactions</p>



Article	Article Before Amendments	Article After Amendments	Explanation
	<p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to Article 7, paragraph 2, subparagraph 1 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established by the</p>	<p>transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to Article 7, paragraph 2, subparagraph 1 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established by the Company, the matters shall</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>Company, the matters shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 17, paragraphs 3 and 4.</p>	<p>first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 17, paragraphs 3 and 4.</p> <p><u>If the Company or a subsidiary thereof that is not a domestic public company and has the Company as its immediate parent public company will have a transaction set out in paragraph 1, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p><u>The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 9 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.</u></p>	Strengthen the management of related party transactions
	<p>III. Where the Company acquires real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the</p>	<p>III. Where the Company acquires</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>following means:</p> <ol style="list-style-type: none"> <li>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</li> <li>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</li> </ol> <p>Where land and structures thereupon are combined as a single property purchased or</p>	<p>real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> <li>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</li> <li>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction</li> </ol>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs, it shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:</p> <p>A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing</p>	<p>counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs, it shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:</p> <p>A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>D. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>IV. When the results of the Company's appraisal conducted in accordance with sub paragraph 1 and sub paragraph 2 of the preceding paragraph are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 5 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p>	<p>to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>D. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>IV. When the results of the Company's appraisal conducted in accordance with sub paragraph 1 and sub paragraph 2 of the preceding paragraph are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 5 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with</p>	<p>land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land,</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>standard property market sale or leasing practices.</p> <p>2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p>	<p>where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>V. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> <li>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</li> <li>2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the</li> </ol>	<p>year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>V. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> <li>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</li> <li>2. Supervisors shall comply with Article 218 of the Company Act. Where an</li> </ol>	



Article	Article Before Amendments	Article After Amendments	Explanation
	<p>provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</p> <p>3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>Where the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</p> <p>3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>Where the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
		length transaction.	
Article 18	Revisions made to this Procedure are to be implemented after a decision is made through the general shareholders' meeting <u>on</u> June 13, 2019. Revisions made to this Procedure are to be implemented after a decision is made through the general shareholders' meeting on June 10, 2021.	This procedure has been partially amended by a resolution of the general shareholders' meeting on June 13, 2019 <u>in accordance with the law</u> . This procedure has been partially amended by a resolution of the general shareholders' meeting on June 10, 2021 in accordance with the law. <u>This procedure has been partially amended by a resolution of the general shareholders' meeting on June 9, 2022 in accordance with the law.</u>	Added dates amended

## Attachment 8

Sigurd Microelectronics Corporation  
Articles of Incorporation  
Comparison Table of Articles Before and After Amendments

Article	Article Before Amendments	Article After Amendments	Explanation
Article 2	<p>The Company's scope of operation includes the following:</p> <p>CC01080 Manufacturing of electronic parts and components.</p> <p>CC01120 Manufacturing and reproduction of data storage media.</p> <p>CC01110 Manufacturing of computers and peripheral equipment.</p> <p>CC01990 Manufacturing of other mechanical engineering and electronic/mechanical devices <u>(test fixture)</u>.</p> <p>CB01010 Manufacturing of machinery and equipment.</p> <p>CE01010 General instrument manufacturing.</p> <p>F119010 Wholesale of electronic materials.</p> <p>F219010 Retail of electronic materials.</p> <p>F213040 Retail of precision instruments.</p> <p>F401010 International trade.</p> <p>I301010 Information software service.</p> <p>IZ99990 Other industrial and commercial services.<u>(IC testing)</u></p> <p>I501010 Product design.</p> <p>G801010 Warehousing.</p> <p>ZZ99999 Operations not prohibited or restricted by law besides the said approved ones</p>	<p>The Company's scope of operation includes the following:</p> <p>CC01080 Manufacturing of electronic parts and components.</p> <p>CC01120 Manufacturing and reproduction of data storage media.</p> <p>CC01110 Manufacturing of computers and peripheral equipment.</p> <p>CC01990 Manufacturing of other mechanical engineering and electronic/mechanical devices.</p> <p>CB01010 Manufacturing of machinery and equipment.</p> <p>CE01010 General instrument manufacturing.</p> <p>F119010 Wholesale of electronic materials.</p> <p>F219010 Retail of electronic materials.</p> <p>F213040 Retail of precision instruments.</p> <p>F401010 International trade.</p> <p>I301010 Information software service.</p> <p>IZ99990 Other industrial and commercial services</p> <p>I501010 Product design.</p> <p>G801010 Warehousing.</p> <p>ZZ99999 Operations not prohibited or restricted by law besides the said approved ones</p>	In accordance with the business types set forth in the MOEA's regulations
Article 9	<p>Shareholders' meeting shall be of the following two kinds: regular meeting and special meeting.</p> <p>Regular meeting of shareholders is</p>	<p>Shareholders' meeting shall be of the following two kinds: regular meeting and special meeting.</p> <p>Regular meeting of shareholders is</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	to be held at least once every year and shall be convened within six months after close of each fiscal year. Unless otherwise provided in the Company Act, the special meeting of shareholder shall be convened by the Board of Directors in accordance with the law when necessary.	to be held at least once every year and shall be convened within six months after close of each fiscal year. Unless otherwise provided in the Company Act, the special meeting of shareholder shall be convened by the Board of Directors in accordance with the law when necessary. <u>The Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u>	Explicitly providing for that the shareholders' meeting can be held by means of visual communication network.
Article 23-1	Shall the Company be profitable for a fiscal year, based on the earnings, 8% to 12% shall be contributed as the remunerations to employees, and no more than 3% as the remunerations to directors. Provided, when there are accumulated losses, such losses shall be firstly off-set before the aforesaid contributions.  The remunerations to employees may be distributed in cash or stocks; the eligible receivers are the employees in services and on the payroll of the Company, and the domestic/overseas subsidiaries where the Company holds 50% or more shares.	Shall the Company be profitable for a fiscal year, based on the earnings, 8% to 12% shall be contributed as the remunerations to employees, and no more than 3% as the remunerations to directors. Provided, when there are accumulated losses, such losses shall be firstly off-set before the aforesaid contributions.  The remunerations to employees may be distributed in cash or stocks; the eligible receivers may <u>include employees of the Company's subsidiaries who meet the criteria set by the Board of Directors or its delegates.</u>	The target of employee compensation allocation
Article 24	The Company will continue to expand the scale and profitability based on the operating and investment environment and demands of funds, while taking into account the shareholders' interests and capital adequacy ratio, and	The Company will continue to expand the scale and profitability based on the operating and investment environment and demands of funds, while taking into account the shareholders' interests and capital adequacy ratio, and	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>applies the residual dividend policy.</p> <p>Conditions and timing of distribution: in case of profit at the end of fiscal year, the Company shall first compensate the accumulated losses with profits after tax, before contributing 10% of the remaining net profits as legal reserve; however, if the legal reserve has reached the total amount of the capital, it is not subject to the previous requirement, and the special reserve may be contributed or reversed. The remaining profits together with the previously retained net profits, <u>based on the operation of the Company, shall be proposed to be used for distributing shareholders' dividends and bonus by the Board, and submitted to the shareholder's meeting for its resolution.</u></p> <p>Distribution of earnings may be done in cash dividends or stock dividends. Cash dividends are prioritized but stock dividends are an option, too. The shareholder dividends to be distributed for the current year shall be 10% ~80% of the annual distributable earnings. The ratio of cash dividends to be distributed, in particular, may not be less than 10%.</p>	<p>applies the residual dividend policy.</p> <p>Conditions and timing of distribution: in case of profit at the end of fiscal year, the Company shall first compensate the accumulated losses with profits after tax, before contributing 10% of the remaining net profits as legal reserve; however, if the legal reserve has reached the total amount of the capital, it is not subject to the previous requirement, and the special reserve may be contributed or reversed. The remaining balance shall be added to the previously undistributed earnings as distributable earnings.</p> <p>Distribution of earnings may be done in cash dividends or stock dividends. Cash dividends are prioritized but stock dividends are an option, too. The shareholder dividends to be distributed for the current year shall be 10% ~80% of the annual distributable earnings. The ratio of cash dividends to be distributed, in particular, may not be less than 10%.</p> <p><u>The Company may, pursuant to a resolution to be adopted by the board of directors as required in Article 240 of the Company Act, distribute its dividends and bonuses, in whole or in part, by cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u></p> <p><u>The Company may, pursuant to a resolution to be adopted by the board of directors as required in Article 241 of the Company Act, distribute its legal reserve and the following capital reserve, in whole or in part, by cash; and in addition thereto a report of such distribution</u></p>	<p>Added and amended the possibility to distribute the legal reserve and the following capital reserve in cash, pursuant to a resolution by the board of directors, and submitted to the shareholders' meeting.</p>

Article	Article Before Amendments	Article After Amendments	Explanation
		<u>shall be submitted to the shareholders' meeting.</u>	
Article 29	The Articles of Incorporation were established on December 28, 1988. The first amendment occurred on October 16, 1989. The 26th amendment occurred on June 10, 2021.	The Articles of Incorporation were established on December 28, 1988. The first amendment occurred on October 16, 1989. The 26th amendment occurred on June 10, 2021. <u>The 27th amendment occurred on June 9, 2022.</u>	The No. and date of revision are added.

## Appendix 1

# Sigurd Microelectronics Co., Ltd. Articles of Incorporation

## Chapter 1 General Provision

- Article 1: The Company is organized under the Company Act as a company limited by shares and named "Sigurd Microelectronics Co., Ltd." The Company's English name is "SIGURD MICROELECTRONICS CORP".
- Article 2: The scope of business of the Company shall be as follows:  
CC01080 Electronic Parts and Components Manufacturing.  
CC01120 Data Storage Media Manufacturing and Duplicating.  
CC01110 Computers and Computing Peripheral equipment Manufacturing.  
CC01990 Electrical Machinery, Supplies Manufacturing.  
CB01010 Machinery and Equipment Manufacturing.  
CE01010 Precision Instruments Manufacturing.  
F119010 Wholesale of Electronic Materials.  
F219010 Retail Sale of Electronic Materials.  
F213040 Retail Sale of Precision Instruments.  
F401010 International Trade.  
I301010 Software Design Services.  
IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.  
I501010 Product Designing.  
G801010 Warehousing.  
ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company shall have its head office in Hsinchu County, Taiwan, and may establish branches and offices in other suitable locations, domestically or overseas whenever the Corporation deems it necessary according to the resolutions of the Board of Directors.
- Article 4: Public announcements of the Company shall resolutions of in accordance with the provisions of Article 28 of the Company Act.

## Chapter 2 Shares

- Article 5: The authorized capital of the Company is NT\$10 billion, consisting of 1 billion shares, all of the ordinary shares, with a par value of NT\$10 per share. The Board of Directors is authorized to issue the shares in separate installments as required.
- In the total capital of the preceding paragraph, the Company will issue employee stock option certificate subscription within an amount of NT\$200 million, totaling 2 million

shares at NT\$10 per share. The Board of Directors is authorized to issue the unissued shares in separate installments as required.

Including the employees of parents or subsidiaries of the Company meeting certain specific requirements are entitled to receive shares redeemed or bought back by the Company. The employees of the Company, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, are entitled to receive employee stock option certificate subscription or employee restricted stock awards.

Article 5-1 The Company may issue employee stock option certificate subscription that are not subject to the exercise price restriction set out in Article 53, an issuer is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders' meeting attended by shareholders representing a majority of the total issued shares. The issuer is allowed to register multiple issues over a period of 1 year from the date of the shareholders' resolution.

Article 5-2 The Company may transfer its shares to employees at a price below the average repurchase price. The proposal shall be raised in the most recent shareholders' meeting to obtain the consent of at least two-thirds of the voting rights represented at a shareholders' meeting attended by shareholders representing a majority of the total issued shares. The issuer shall be required to specify the following information in the notice of reasons for convening the shareholders' meeting, and may not raise the matter by means of special motion:

- I. The criteria for determination of the exercise price, discount ratio and the reasonableness of the price.
- II. Transfer of shares, purpose and reasonableness.
- III. Qualification requirements for warrant subscribers, and the number of shares they are allowed to subscribe for.
- IV. Factors affecting shareholders' equity:
  - (I) The expensable amount, and dilution of the Company's earnings per share.
  - (II) Where previously issued shares will be used to cover the warrants, explain what financial burden this will impose on the company.

Article 6: The Company's shares shall generally be registered, and the share certificates shall be affixed with the signatures or personal seals of the Director representing the company. Stock shall be issued after attestation by the competent authority or an issuance attestation institution approved by the competent authority. The Company may be exempted from printing any share certificate for the shares issued by the Company and shall register the issued shares with a centralized securities depository institution.

### Chapter 3 Shareholders' Meeting

Article 7: All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of the seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless specified otherwise by law and securities regulations.

Article 8: Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular shareholders' meeting, and thirty (30) days immediately before the date of any special shareholders' meeting, or within five (5) days before the base date on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.



- Article 9: Shareholders' meetings of the Company are of two types, namely: regular meetings and special meetings. Regular meetings, in accordance with the law, shall be convened once a year, by the Board of Directors, within six (6) months after the close of each fiscal year. Unless otherwise provided in the Company Act, the special meetings shall be convened by the Board of Directors when necessary.
- Article 10: A shareholder who is unable to attend the shareholders' meeting may authorize another person to attend by proxy using the form, which sets forth the scope of the authorization. The shareholder proxy process is governed by Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meeting of Public Companies.
- Article 11: Except for the shares with restricted voting rights or without voting rights under the Company Act, each share is entitled to one vote.
- Article 12: Except as otherwise provided by applicable law, the shareholders' resolutions shall be adopted upon the approval of a majority of the voting shares present at the shareholders' meeting, which is attended by holders of a majority of the total issued and outstanding shares of the Company.
- Article 13: The shareholders' meetings shall be convened by the Board of Directors and presided over by the Chairman of the Board. The Chairman of the Board shall appoint a Director to act as his or her proxy if the Chairman is unable to attend such meeting. If the Chairman does not appoint a proxy, the Directors shall appoint one from among them. If a meeting is convened by a person entitled to convene other than the Board of Directors, such person shall act as the Chairman for the meeting; provided, however, if there is more than one person entitled to convene, the Chairman for the meeting shall be appointed from among them.

#### Chapter 4 Directors, Board of Directors, Audit Committee, and Remuneration Committee

- Article 14: The Company has 9~11 Directors who are competent shareholders elected in the shareholders' meeting. The term of office for Supervisors shall be three years and they shall be re-appointed if being re-elected. The remuneration of the Directors and Supervisors of the Company authorizes the Board of Directors to agree on the usual level of the industry.
- The Company may obtain Directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of service.
- Article 14-1 In accordance with the Securities and Exchange Act and the relevant laws and regulations, the Company was required to appoint Independent Directors, not less than two in number and not less than one-fifth of the total number of Directors.
- The Directors' election of the Company shall adopt the candidate nomination system. Shareholders should select Directors from the list of Director candidates. Independent Directors and non-Independent Directors shall be nominated separately, and elections shall be held together to calculate the number of elected candidates.
- The restrictions on professional qualifications, shareholding, concurrent positions, and the manner of election of the Independent Directors, and other related matters shall comply with the Securities and Exchange Act and regulations.
- Article 14-2 The Company has set up the Audit Committee, and the Audit Committee shall be responsible for exercising the functional authority of the Supervisors required by the Company Act, the Securities and Exchange Act, and other laws and regulations.
- The Audit Committee comprises all Independent Directors, and the number of their

members shall not be less than three, one of them is the convener and at least one of them has accounting or financial expertise.

The resolution of the Audit Committee shall be approved by more than one-half of all members of the Audit Committee.

Article 14-3 The Company has set up the Remuneration Committee. For the number of the Remuneration Committee, the term of office, the powers of the committee, the rules of meetings, resources to be provided by the Company when the Committee exercises its powers shall be specified separately in the Remuneration Committee Charter.

Article 15: The Directors are organized into the Board of Directors. The Board of Directors shall elect a Chairman of the board Directors from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors, and may also elect in the same manner a vice Chairman of the board.

The Chairman of the Board of Directors shall internally preside the shareholders' meeting, the meeting of the Board of Directors, and the meeting of the managing Directors; and shall externally represent the Company. In case the Chairman of the Board of Directors is on leave or absent or can not exercise his power and authority for any cause, it will be handled in accordance with Company Act, Article 208.

Article 16: Except as otherwise provided in the Company Law, the Board of Directors may be convened by the Chairman of the Board of Directors, and the shareholders' meeting notice may be in writing, e-mail or fax, at least once every quarter. A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. A shareholder may only execute one power of attorney and appoint one proxy only.

Article 17: The Board of Directors consists of the Company shall have the following powers and duties:

- I. Review and approval of the Company's organization rules and procedures
- II. The proposal to amend the Articles of Incorporation.
- III. Approval of the branch's setting and abolition.
- IV. Appointment and dismissal of the Manager.
- V. Proposal for capital increase/decrease plans.
- VI. The formulation and supervision of the annual business plan.
- VII. Budget and final accounting.
- VIII. Proposal for distribution of earnings or deficit to be offset.
- IX. Other entrusted functions by the Company Act and or the resolution of Shareholders' Meeting.

Article 18: The resolutions of the Board of Directors shall be adopted by at least a majority of the Directors present at a meeting attended by at least a majority of the Directors holding office.

Article 19: Deleted.

## Chapter 5 Manager

Article 20: The company may have a chief executive officer, a general manager and a number of managers. Their appointments, dismissals and remuneration shall be governed by Article 29 of the Company Act and relevant regulations. The Board of Directors shall be authorized to decide the title and powers of the manager, the Board of Directors may authorize the

Chairman to decide.

- Article 21: The chief executive officer shall be responsible to the Chairman. Other managers are responsible for implementing their assigned responsibilities and overall business operations in accordance with the Company policy and shall be reporting and responsible to the chief executive officer.
- Article 22: The appointment and removal of employees of the Company shall be performed by the chief executive officer or the general manager who has been authorized to do so.

## Chapter 6 Accounting

- Article 23: At the close of the fiscal year, the accounts of the Company shall be closed, the Board of Directors shall prepare the statements and records listed below and shall forward to the same shareholders' meeting.

- I. Business Report;
- II. Financial Statements; and
- III. The surplus earning distribution or loss off-setting proposals.

- Article 23-1 If the Company makes a profit in the year, 8%~12% of the annual profit will be allocated as employee remuneration, and the amount not more than 3% will be allocated as Director's remuneration. However, if the Company still has accumulated losses, the amount of accumulated losses should be deducted before the balance is calculated and distributed.

Employee compensations shall be distributed in stocks or in cash. The payment shall apply to on-the-job salaried employees in the Company or the Company's domestic or foreign subsidiaries, the Company holds more than 50% of its shares.

- Article 24: The Company will continue to expand its scale and increase profitability according to the operating investment environment and capital requirements, and take into account the interests of shareholders and the capital adequacy ratio, and adopt the residual dividend policy.

The Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply. The balance plus the previously undistributed surplus is the distributable surplus. Depending on the Company's operating conditions, the Board of Directors shall make the shareholder's dividend and dividend distribution proposal, and submit the proposal to the shareholders' meeting for resolution.

Earnings of the Company may be distributed by way of cash dividend or stock dividend. Distribution of earnings shall be made preferably by way of cash dividend. Distribution of earnings may also be made by way of stock dividend. The shareholder dividends to be distributed for the current year shall be 10%~80% of the annual distributable earnings, provided however, the ratio for cash dividend shall not less than 10% of total distribution.

## Chapter 7 Miscellaneous

- Article 25: The Company may act as a guarantor for external parties.
- Article 26: The Company's reinvestment may exceed 40% of the paid-in capital with the authorization of the Board of Directors.
- Article 27: The organizational charter and bylaws of the Company shall be separately adopted.

Article 28: Matters not specified in the Articles of Incorporation shall be governed by the Company Act.

The Articles of Incorporation was enacted on November 28, 1988. The 1st amendment was made on October 16, 1989. The 2nd amendment was made on November 13, 1989. The 3rd amendment was made on December 28, 1989. The 4th amendment was made on September 1, 1990. The 5th amendment was made on June 30, 1992. The 6th amendment was made on May 22, 1996. The 7th amendment was made on June 17, 1998. The 8th amendment was made on August 19, 1998. The 9th amendment was made on November 10, 1998. The 10th amendment was made on March 22, 2000. The 11th amendment was made on March 28, 2001. The 12th amendment was made on June 19, 2002. The 13th amendment was made on December 30, 2002. The 14th amendment was made on June 25, 2003. The 15th amendment was made on May 18, 2004. The 16th amendment was made on June 13, 2005. The 17th amendment was made on February 27, 2006. The 18th amendment was made on June 12, 2006. The 19th amendment was made on June 13, 2008. The 20th amendment was made on June 15, 2010. The 21st amendment was made on June 6, 2012. The 22nd amendment was made on June 20, 2016. The 23rd amendment was made on June 15, 2017. The 24th amendment was made on June 7, 2018. The 25th amendment was made on June 13, 2018. The 26th amendment was made on June 10, 2021.

Sigurd Microelectronics Corporation

Chairman: Shin-Yang Huang

## Sigurd Microelectronics Corporation

### Ethical Corporate Management Best Practice Principles

Approved by the board on December 24, 2015

#### Article 1 (Objectives and Scope)

To foster a corporate culture and healthy development of business ethics and establish the business practice of conduct, the Code of Business Conduct is formulated for adherence according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.

The Code of Business Conduct is applicable to the Company, its subsidiaries, and businesses and entities substantially controlled by the Company (referred to as “group companies and organizations”).

#### Article 2 (Prohibition of dishonest behaviors)

In the course of conducting business, the Company’s directors, supervisors, managers, employees, appointees or persons with substantial control (collectively referred to as “substantial controllers”) may not directly or indirectly provide, promise, request or accept any improper benefits or commit any dishonest behavior in breach of integrity, law or fiduciary duties to obtain or maintain benefits (referred to as “unethical behaviors”).

The counterparties of the aforesaid unethical behaviors include public officers, political candidates, political parties or political party personnel, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managers, employees, persons with substantial control, or other interested parties.

#### Article 3 (Types of benefits)

The term “benefits” mentioned in the guidelines refers to any item of value, including money, gift, commission, position, service, preferential treatment and rebate in whatever form or name. However, this does not apply to normal and social customs, occasional and without concern for specific rights or obligations.

#### Article 4 (Legal compliance)

As a basis for ethical operation, the Company should comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Law, Political Donations Act, Anti-Corruption Act,

Government Procurement Act, Public Officer Conflict of Interest Avoidance Act, regulations governing TWSE/TPEX listed companies and relevant laws on business activities.

#### Article 5 (Policy)

The Company should enter into its business philosophy of integrity, transparency and accountability and formulate policies accordingly and based on ethics, in order to establish a good corporate governance and risk management mechanism and create a business environment for sustainable development.

#### Article 6 (Preventive measures)

The Company should formulate a policy for business ethics by defining, clearly and in detail, the business practice of conduct and the preventive measures against unethical behaviors (referred to as “preventive measures”) such as operational procedures, behavioral guidelines and training and education.

In formulating preventive measures, the Company should adhere to the relevant laws and regulations in the locations where the Company, the group companies and organizations operate).

In formulating preventive measures, the Company should communicate with employees, trade unions, significant counterparties for business dealings or other stakeholders.

#### Article 7 (Scope of preventive measures)

When formulating preventive measures, the Company should analyze its scope of operations, identify the business activities with higher risks of unethical behaviors and enhance the relevant preventive procedures accordingly.

The preventive measures put in place by the Company should at least cover the following behaviors:

1. Bribery giving and taking
2. Offering of illegal political donations
3. Improper charity donations or sponsorships
4. Offering or acceptance of unreasonable gifts, entertainment or other illegitimate benefits
5. Infringement of business secrets, trademarks, patents, copyrights and other intellectual properties
6. Unfair competition
7. Direct or indirect damage to the rights, health and safety of consumers or other stakeholders during the R&D, procurement, manufacturing, offering or sale of products and services

#### Article 8 (Commitment and Execution)

The Company, group companies and organizations should clearly state the policy of ethical operation in regulations and external documents. Boards and management should proactively fulfill the commitment to a code of business conduct and proper implementation in internal management and business activities.

#### Article 9 (Ethical operation and Business activities)

The Company should engage in business activities based on the principle of ethics and in a fair and transparent way.

Before business dealings, the Company should consider whether its agents, suppliers, customers or other counterparties of commercial activities are legal or involved in any unethical behaviors, in order to avoid transactions with those engaged in unethical behaviors.

The contracts signed by the Company with its agents, suppliers, customers or other counterparties of commercial activities should include the policy of ethical operation. There should also be clauses that the contracts may be terminated or rescinded anytime if a counterparty is involved in any unethical behavior.

#### Article 10 (Prohibition of bribery giving and taking)

In carrying out business, the Company and its directors, supervisors, managers, employees, appointees and persons with substantial control may not directly or indirectly provide, promise, request or accept any improper benefits in any form from customers, agents, contractors, suppliers, public officers or other stakeholders.

#### Article 11 (Prohibition of offering illegal political donations)

The Company and its directors, supervisors, managers, employees, appointees and persons with substantial control should adhere to the Political Donations Act and the Company's relevant internal operational procedures regarding direct or indirect donations to political parties, political organizations or individuals and may not use this to seek commercial benefits or transaction advantages.

#### Article 12 (Prohibition of improper charity donations or sponsorships)

The Company and its directors, supervisors, managers, employees, appointees and persons with substantial control should adhere to relevant laws and regulations and internal operational procedures regarding charity donations or sponsorships and may not surreptitiously engage in bribery.

#### Article 13 (Prohibition of unreasonable gifts, entertainment or other illegitimate benefits)

The Company and its directors, supervisors, managers, employees, appointees, and persons with substantial control may not directly or indirectly offer or accept any unreasonable gifts, entertainment, or other illegitimate benefits to establish business relations or influence transactional behaviors.

#### Article 14 (Prohibition of infringement of intellectual properties)

The Company and its directors, supervisors, managers, employees, appointees and persons with substantial control should adhere to relevant regulations on intellectual properties, the Company's internal operational procedures and contractual requirements and may not use, divulge, dispose, damage or infringe intellectual properties in other ways without consent from intellectual property owners.

#### Article 15 (Prohibition of unfair competition)

The Company should engage in business activities in accordance with relevant competition laws and regulations and may not share or divide the market with price-fixing, bid manipulation, output limits and quotas, or by allocating customers, suppliers, operational regions or business types.

#### Article 16 (Prevention of damages to stakeholders due to products or services)

The Company and its directors, supervisors, managers, employees, appointees and persons with substantial control should adhere to relevant laws and regulations and international standards for R&D, procurement, manufacturing, offering or selling of products and services, in order to ensure the information transparency and safety of such products and services. It is necessary to formulate and disclose the policy for the protection of the rights of consumers and other stakeholders and implement such in operational activities. The purpose is to prevent direct or indirect damage to the rights, health and safety of consumers or other stakeholders due to products or services. When there is sufficient evidence of the risks of products or services to the safety and health of consumers and other stakeholders, such products should be recalled and such services should be stopped immediately in principle.

#### Article 17 (Organization and Responsibility)

The Company's directors, supervisors, managers, employees, appointees and persons with substantial control should act with duty of care as a good manager, urge the Company to prevent unethical



behaviors and review the implementation effectiveness and ongoing improvements anytime in order to ensure the achievement of the policy for business ethics.

To strengthen the management of ethical business conduct, the Company should establish a dedicated unit under the board to take charge of the formation, supervision and execution of the business ethics policy and preventive measures. The primary tasks are as follows and periodical reporting to the board is required.

1. Assist in incorporating the integrity and ethics into the Company's business strategy and establishing preventive measures in accordance with the laws and regulations to ensure ethical business conduct.
2. Establish plans to prevent unethical business conduct and define work-related standard operating procedures and behavioral guidelines for each plan.
3. Develop internal organizations, structures and job functions, and a check-and-balance mechanism for monitoring the business activities within the scope of business exposed to high risks of unethical business conduct.
4. Advocacy and coordination of training in code of business conduct.
5. Plan the whistleblowing system and ensure its effectiveness.
6. Assist the board and management in the review and evaluation of the effectiveness of the preventive measures against unethical conduct and produce reports on the compliance of the relevant business procedures on a regular basis.

#### Article 18 (Legal compliance of business dealings)

The Company's directors, supervisors, managers, employees, appointees and persons with substantial control should observe laws, regulations and preventive measures in the course of business dealings.

#### Article 19 (Avoidance of conflict of interest)

The Company should establish a policy for the avoidance of conflict of interest in order to identify, supervise and manage the risks of unethical behaviors due to conflict of interest. It is also necessary to provide appropriate channels for directors, supervisors, managers and other stakeholders in attendance or present at board meetings to voluntarily explain any potential conflict of interest with the Company.

The Company's directors, supervisors, managers and other stakeholders in attendance or present at board meetings should explain the essential matters regarding the conflict of interest at the current board meeting when a proposal involves the interest of their own or of the legal person they represent.

If this may prejudice the interest of the Company, they should recuse from discussion or voting and may not exercise voting rights on behalf of other directors. The directors shall exercise discipline among themselves and may not support each other in an inappropriate manner.

The Company's directors, supervisors, managers, employees, appointees and persons with substantial control may not leverage their positions or influence in the Company to obtain improper gains for themselves, their spouses, parents, children or any other person.

#### Article 20 (Accounting and Internal control)

The Company should establish an effective accounting system and an internal control system for the business activities exposed to high risks of unethical behaviors. It is not allowed to have an external account or a secret account. The systems should be reviewed at any time to ensure the continued effectiveness of design and implementation.

The Company's internal audit unit should conduct regular audits on the compliance of the aforesaid system and produce audit reports for the board. Audits may be carried out by external accountants, and if necessary, assistance may be sought from professionals.

#### Article 21 (Operating procedures and Behavioral guidelines)

The Company should ensure its directors, supervisors, managers, employees and persons with substantial control pay attention to the following:

1. Definition for offering or acceptance of improper benefits
2. Procedures of legal political donations
3. Procedures and dollar amounts of proper charity donations or sponsorships
4. Rules on avoidance of conflict of interest related to job functions and procedures of reporting and handling
5. Confidentiality requirements for confidential and commercially sensitive information obtained in business
6. Regulations and procedures in relation to suppliers, customers and counterparties' business dealings involved in unethical behaviors
7. Procedures in handling identified breaches of code of business conduct
8. Disciplinary actions on violators

#### Article 22 (Training, education and performance reviews)

The Company's Chairperson, General Manager or senior executives should regularly articulate the

importance of ethics to directors, employees and appointees.

The Company should organize training, education and advocacy for directors, supervisors, managers, employees, appointees and persons with substantial control in a timely manner by inviting the counterparties of the Company's business dealings. The purpose is to facilitate a full understanding of the Company's determination, policy and preventive measures to ensure a code of business conduct and the consequences of unethical behaviors.

The Company should establish a specific and effective system of rewards and penalties by integrating the code of business conduct, employee performance reviews, and human resource policies.

#### Article 23 (Whistleblowing)

The Company should formulate and properly implement a whistleblowing system by at least covering the following:

1. Establish and announce an internal and independent letterbox or dedicated line or provide a letterbox or dedicated line by commissioning an external and independent organization for whistleblowing from internal and external personnel.
2. Appoint dedicated personnel or a unit to handle whistleblowing. If a director or a senior manager is involved, reporting should be made to independent directors or supervisors. It is necessary to categorize the matters of whistleblowing and relevant standard operating procedures for investigations according to the actual operational circumstances.
3. Production and recordkeeping of the documents in relation to acceptance of whistleblowing and processes and results of the investigation.
4. Confidentiality of the identity of whistleblowers and contents of reporting.
5. Measures to protect whistleblowers from inappropriate actions due to reporting.
6. Incentives for whistleblowers.

If the Company's dedicated personnel or unit handling whistleblowing identifies after investigation any material breach or risks of material damages to the Company, immediate reporting is required to inform in writing the independent directors or supervisors.

#### Article 24 (Penalties and Grievances)

The Company should formulate and publish the system of penalties and appeals regarding the violation of the code of business conduct and disclose on its intranet, in a timely manner, the job titles and names of the personnel in breach, dates and details of the breach and responding measures taken.

#### Article 25 (Information disclosure)

The Company should establish quantitative data on the code of business conduct and analyzes, on an ongoing basis, the effectiveness of the policy in business ethics. The measures put in place, implementation status, the aforesaid quantitative data and advocacy effectiveness should be disclosed via the Company's website, annual reports and prospectuses. The contents of the principles of code of business conduct are disclosed on the Market Observation Post System.

#### Article 26 (Review and amendment of code of business conduct and measures)

The Company should keep a close eye on the development of relevant domestic and overseas regulations on business ethics and encourage directors, supervisors, managers and employees to come up with suggestions, in order to review and improve the policy and measures put in place by the Company for code of business conduct. The purpose is to enhance the effectiveness of the Company's ethical business practice.

#### Article 27 (Implementation)

The Company's Code of Business Conduct comes into effect upon approval from the board. It is submitted to supervisors and reported to the shareholders' meeting. The same applies to amendments.

The Company has established independent directors. The discussion of the Code of Business Conduct at the board according to the aforesaid requirements should fully take into account the opinions of individual independent directors. Any opposition or reservation should be recorded in the board's meeting minutes. If an independent director cannot attend in person the board meeting to express his/her opposition or reservation, a written opinion should be issued in advance (unless there are legitimate reasons preventing it). It should be noted in the board's meeting minutes.

If the Company has established the Audit Committee, the regulations in the Code of Business Conduct applicable to supervisors shall apply to the Audit Committee.

## Sigurd Microelectronics Corporation

### Procedures for Acquisition or Disposal of Assets

#### Article 1: Purpose

To establish the Company's rules for acquisition or disposal of assets to ensure that the acquisition and disposal of assets have been properly assessed. Implement the principle of information disclosure and comply with relevant laws and regulations.

#### Article 2: Legal Basis

According to the Securities and Exchange Act, Article 36-1 and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." However, if regulated otherwise by applicable laws, such provisions shall prevail.

#### Article 3: Scope of Assets

The term "assets" in these Procedures shall apply to the following:

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

#### Article 4: The terms used in the Procedures are defined as follows:

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service

contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 3, Article 156 of the Company Act.
- III. Related party or subsidiary: As defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing of the transaction, date of payment, date of consignment trade, date of transfer, date of Board of Directors' resolutions, or any other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investment in which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China investment: Refers to investments in the Mainland China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area."
- VII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- VIII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- IX. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the "Regulations Governing Securities Trading on the Taipei Exchange"; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

#### Article 5: Appraisal and Procedures for Acquisition of Assets

If the appraisal of the relevant assets is regarding real property and other fixed assets, the capital expenditure plan shall be prepared by each unit in advance. After the feasibility assessment, it will be sent to the accounting unit to prepare the capital expenditure budget, and will be executed and controlled according to the plan; for short and long term securities investments, the execution unit may conduct a feasibility assessment before proceeding.

## Article 6: Appraisal and Procedures for Disposal of Assets

For the assessment of asset disposal, if the assets are real estate and other fixed assets, the application unit fills in the application form or submitted as a project request for approval, stating the reasons for the disposition, the method of disposal. It can only be implemented after approval.

## Article 7: Procedures for Determining the Terms of Transaction

### I. Price Determination and Reference Basis

- (I) Acquisition or disposal securities which trading from the market overt, the price is determined by the market.
- (II) For acquisition or disposal securities which are not trading from the market overt, the Company shall refer the book value per share, the profitability, the potential, the interest rate, and trading price at that time upon acquisition or disposal.
- (III) When acquiring or disposing the fixed income securities that are not traded at stock exchanges or securities dealers, the Company shall factor in the net value per share, profitability, and future potential of such securities as well as the market interest rate, coupon rate, debt credit rating, and transaction price upon acquisition or disposal.
- (IV) When acquiring or disposing of real property, it shall be determined by reference to the publicly announced value, evaluated value, the actual trading price of near real property upon acquisition or disposal.
- (V) When acquiring or disposing of fixed assets, shall adopt the price comparison, negotiation, or an open invitation to bid.

### II. Level of authorization

- (I) For the acquisition or disposal of the Company's assets, the Chairman shall be authorized to approve within NT\$200 million (including) and over NT\$200 million shall be approved by the Board of Directors beforehand; the relevant amounts shall be checked and operated in accordance with the "Table of Approval Authority."
- (II) When obtaining fixed assets, the Company shall send the budget within the approved scope of the Company to the Board of Directors for resolution. And according to the Company's "Purchasing Management Operating Procedures". The disposal of fixed assets shall follow the regulations in "Regulations Governing the Management of Fixed Assets".
- (III) When acquiring or disposing of assets, the Company shall, in case of the circumstances listed in Item 1, Paragraph 1, Article 10 and Paragraph 2, Article 12 of the Procedures, it shall not be carried out unless has been approved by the Board of Directors and notified to the members of the Audit Committee. The situation shall also be reported to the next shareholders' meeting.

## Article 8: Implementation Unit

The Company's execution unit for long-term and short-term securities investments and derivative products are the financial unit; while the execution units of real estate and other fixed assets are the use units and relevant responsible units.

## Article 9: Announcement and Reporting

- I. Under any of the following circumstances, when the Company acquires or disposes of assets, it shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:
- (I) To acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - (II) Merger, demerger, acquisition, or transfer of shares.
  - (III) Losses from derivatives transactions reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
  - (IV) The acquired or disposed of assets are equipment for business use where the transaction counterparty is not a related party, and the transaction amount reaches one of the following:
    - 1. Companies with paid-in capital of less than NT\$10 billion and trading of more than NT\$500 million.
    - 2. Companies with paid-in capital of more than NT\$10 billion and trading of more than NT\$1 billion.
  - (V) Acquisition of real property by engaging others to build on the Company's own land or leased land, joint construction and allocation of housing units, joint construction and allocation of housing units, and allocation of ownership, or joint construction and separate sale, where the transaction counterparty is not a related party, which the Company's estimated amount of investment is less than NT\$500 million.
  - (VI) Where an asset transaction other than any of those referred to in the preceding 5 paragraphs, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
    - 1. Trading of domestic government bonds.
    - 2. Where done by professional investors—securities trading at home or abroad on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds), or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
    - 3. Trading of bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds.



The amounts of transactions in the preceding paragraph shall be calculated as follows: The amounts of transactions in the preceding paragraph shall be calculated as follows:

- (1) The amount of any individual transaction.
- (2) The cumulative transaction amount of acquisitions and disposals of the same type of the underlying asset with the same trading counterparty within the preceding year.
- (3) In the threshold requiring public announcement for subsidiaries of the Company, the term "paid-in capital" or "total assets" shall be based on the Company's paid-in capital or total assets.
- (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

- II. The Company shall compile monthly reports on the status of derivatives transactions engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
- III. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
  - (I) Change, termination, or rescission of a contract signed in regard to the original transaction.
  - (II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - (III) Change to the originally publicly announced and reported information.
- IV. Matters to be reported by the Company's subsidiaries:
  - (I) Procedures for the acquisition or disposal of assets by subsidiaries of the Company shall also be handled in accordance with the Procedures.
  - (II) Information required to be publicly announced and reported in accordance with the provisions of acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company.
  - (III) In the threshold requiring public announcement for subsidiaries of the Company, the term "20% of the Company's paid-in capital or 10% of its total assets" shall base on the Company's paid-in capital or total assets.
  - (IV) For the calculation of 10% of total assets under these Procedures, the total assets stated in the most recent parent company only Financial Report or Individual Financial Report prepared under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under the Procedure regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these

Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

V. Public announcement and regulatory filing procedures

According to Paragraph 2, Article 7 and Article 5 of the Procedures, when the Company acquires or disposes of assets and should make a public announce and report, it shall draw up a draft of the public announce and report by the financial unit within two days from the date of the resolution of the Board of Directors or the date of the occurrence of facts, make the public announce and report in accordance with the provisions of Article 8 of the Procedures, and submit relevant information to the relevant units for announcing and reporting.

VI. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

VII. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 10: Obtaining of Asset Appraisal or Analysis Report

I. In acquiring or disposing of real property or equipment or its right-of-use assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of

the transaction amount.

2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- II. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain Financial Statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- III. When acquiring or disposing of securities or its right-of-use assets, the Company shall, prior to the date of occurrence of the event, obtain Financial Statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- IV. The calculation of the transaction amounts referred to in the preceding three Articles shall be done in accordance with Article 9 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
- V. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
- VI. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall further comply with the following provisions:
  - (I) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the

Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

- (II) The professional appraising firm and the appraiser may not be a related party or de facto related party of any party to the parties involved in the transaction.
- (III) The Company shall seek appraisals from at least two professional firms, and the respective appraising firms and appraisers may not be a related party or de facto related party of any party to the transaction.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

- (I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (II) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (III) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 11: Total amounts of real property and its right-of-use assets or securities acquired by the Company and each subsidiary for non-operating purpose, and investment limits on individual securities.

- I. The Company may purchase the scope of assets specified under Article 3 of the Procedures.
- II. The total amount of non-operating real estate and its right-of-use assets and short-term securities purchased by the Company is limited to 40% of the shareholders' equity in the most recent Financial Statements of the Company's certified by an audited accountant. The amount of investment in short-term securities that is subject to the above-mentioned 10% of the shareholders' equity.
- III. The total amount of long-term securities purchased by the Company is limited to 150% of the shareholders' equity in the most recent Financial Statements of the Company's certified by an audited accountant. However, the reinvested amount of a single company is limited to 50% of the shareholders' equity in the company.
- IV. Total amounts of real property and its right-of-use assets or securities and limits on individual securities acquired by the Company's subsidiaries which are not investment professionals are subject to all the preceding paragraphs.

- V. Total amounts of real property and its right-of-use assets or securities and limits on individual securities acquired by the Company's subsidiaries which are investment professionals are the net value of the subsidiary.
- VI. The above-mentioned total value of marketable securities and respective limits do not apply in case of organizational restructuring to the Company or any of its subsidiaries.

#### Article 12: Procedures for Related Party Transactions

- I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 20% or more of the Company's total assets, or NT\$300 million or more, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding section.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

- II. When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee in whole or more than one-half, and submitted to the Board of Directors for resolutions, in accordance with the provisions of Article 17 of the Procedure:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a trading counterparty.
- (III) With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in compliance with the relevant provisions.
- (IV) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds' utilization.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the Article 9 of the Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been

approved by the Board of Directors and recognized by the Audit Committee need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Company and its parent or subsidiaries, or between subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 7, paragraph 2, subparagraph 1 delegate the board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

- (1) The acquisition or disposal of business-use equipment or right-of-use assets.
- (2) The acquisition or disposal of business-use real property or right-of-use assets.

Where the position of Independent Director has been established, when an acquisition of real estate from a Related Party is submitted for discussion by the Board pursuant to the preceding regulation, the Board shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

Where an Audit Committee has been established in the Company, any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 17, paragraphs 3 and 4.

III. When the Company acquires real estate or right-of-use assets from a related party, it shall take the following steps to evaluate the reasonableness of the transaction cost:

- (I) Based on the transaction price of the related party plus necessary fund interest, and the cost to be borne by the buyer according to law. The "necessary fund interest cost" shall be imputed based on the weighted average interest rate of the fund borrowed by the Company in the year of purchase of the asset; provided that such interest rate shall not be more than the ceiling of loan interest rate of non-financial industry published by the Ministry of Finance.
- (II) Based on the total assessed value for loan made by a financial institution if such an object has been mortgaged to the financial institution for a loan; provided that the actual aggregate loan extended by the financial institution for the object shall reach 70% or more of the total assessed value and the loan period is more than one year. However, this shall not apply if the financial institution and either party of the transaction are related persons.

Where both the land and building on the property in question are purchased or leased, the cost of the real property may be reached by respectively imputing or evaluating such land and building based on either method described above.

- (III) The Company that acquires real property or right-of-use assets from a related party and appraises the cost of the real property or right-of-use assets in accordance with the provisions of preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through

inheritance or as a gift.

2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date for the current transaction.
  3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
  4. The Company acquired business-use real property or right-of-use assets between its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.
- IV. When the results of Company's appraisal conducted in accordance with the provisions of item 1 and item 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the provisions of the Article 8, Paragraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA has been obtained, this restriction shall not apply:
- (I) Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
    1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    2. Transaction cases by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
  - (II) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Transaction cases for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real estate or right-of-use assets.
- V. Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with the preceding regulations are uniformly lower than the transaction price, the following steps shall be taken:
- (I) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the

Securities and Exchange Act against the difference between the real property or right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

- (II) Supervisors shall comply with Article 218 of the Company Act. Where an Audit Committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the Independent Director members of the Audit Committee.
- (III) Actions taken pursuant to the preceding Subparagraph 1 and 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and got the authority's consent.

When the Company obtains real property or right-of-use assets from a related party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

### Article 13: Procedures for Acquisition or Disposal of Derivatives

#### I. Trading principles and strategies

- (I) Instruments: Derivatives specified in this Procedure refer to products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests, such as Forward contracts.

The provisions of this procedure are not applicable to the trading of bonds under repurchase agreements.

- (II) Strategy: derivatives transactions are used for hedging purpose. The types of transactions should also be mainly based on forward contracts. Besides, the transaction object should choose the bank that has regular business with the Company as much as possible to avoid credit risk.

#### (III) Division of Authority and Responsibility

##### 1. Finance unit

- (1) Responsible for the formulation of the Company's foreign exchange transactions.
- (2) Dealing staff should regularly calculate the trading positions every two weeks, collect market information, conduct trend judgment and risk assessment. The operational strategy is drafted for the authority to approve as the basis for engaging in the transaction.
- (3) Execute the transaction in accordance with the authority and the established strategy.



- (4) When there is a material change in the financial market and the judgment of the dealing staff is no longer able to formulate the applicable effective strategy, the assessment report should be submitted at any time, the strategy should be reformulated and approved by the general manager as the basis for engaging in the transaction.
2. Accounting unit
  - (1) Execution of transaction confirmation.
  - (2) Verification of the transaction is based on the authorization and the established strategies.
  - (3) The evaluation shall be carried out monthly and the evaluation report is presented to the general manager.
  - (4) Accounting processing
  - (5) Report and announcement according to the Securities and Futures Institute
3. Settlement personnel: Execution of delivery tasks.
4. Derivatives
  - (1) Total amount
    - a. Hedging transactions: The total amount shall not exceed the accounts receivables/payables or the net asset/liabilities balance which is higher in the next 6 months.
    - b. Investment transactions: which is proposed by the finance unit and is applied for approved.  
The maximum amount of investment in the investment transaction shall not exceed 20% of the paid-in capital.
  - (2) Maximum loss limit:
    - a. Hedging transactions: Such transactions are already evading risks, so there is no limit on the loss.
    - b. Investment transactions: The total loss shall not exceed 5 percent of the paid-in capital; the loss of individual trading contracts shall not exceed NT\$3 million.
- (IV) Performance assessment (Hedging transactions)
  1. Gains and losses generated by transactions of financial derivatives engaged in due to exchange and interest rate costs associated with accounts shall constitute the basis of performance assessments.
  2. To fully grasp and express the assessment risk of the transaction, the Company assessed the profit and loss on a monthly basis.
  3. The financial unit shall provide foreign exchange position evaluations, foreign exchange market trends, and market analysis for top executives, as references and indicators for management.
- II. Risk management measures
  - (I) Credit risk management:
 

Market fluctuations tend to cause operational risks for financial derivatives. Market risk management shall, therefore, be based on the following principles:

1. Transaction counterparty: In principle, banks dealing with the Companies are limited.
  2. Traded products: shall be confined to foreign exchange.
  3. The daily trading amount or accumulated position which has not been written-off shall not exceed 10% of the authorized amount, with the exception of those approved by General Manager.
- (II) Market risk management:
- Preference shall be given to the open foreign exchange market provided by banks, the futures market is currently not considered.
- (III) Liquidity risk management:
- Preference shall be given to highly liquid products which can be squared up on the market at any time to ensure market liquidity. Entrusted financial institutions shall have sufficient resources and the capability to conduct transactions on any market at any time.
- (IV) Cash flow risk management:
- At ordinary times, shall pay attention to the Company's foreign currency cash flow, ensuring sufficient cash for the delivery, to ensure stable working capital turnover.
- (V) Operational risk management:
1. Shall follow the Company's authorization limit, operating procedures, and included in the internal audit to avoid operational risks.
  2. Personnel engaged in derivative product trading and operation personnel of confirmation or settlement shall not concurrently assume each other's roles.
  3. Personnel responsible for risk measurement, supervision and control shall be the internal auditors of non-financial departments and report to senior managers or chairmen or boards of Directors who are not responsible for trading or departmental decision-making.
- (VI) Product risk management:
- Internal personnel in charge of transactions shall have comprehensive and accurate knowledge of financial products and banks shall be required to fully disclose risks to prevent risks associated with financial products.
- (VII) Legal risk management:
- Documents signed with the trading partners are mainly general contracts used in the market, and any unique contracts must be examined by lawyers.
- III. Internal audit system
- (I) Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives transactions by the trading department adheres to the procedures for engaging in derivatives transactions, and prepare an audit report. If any material violation is discovered, members of the Audit Committee shall be notified in writing.
  - (II) Internal auditors shall file the auditing report and the implementing status of annual auditing plans of internal audits to the competent authority before the end of February of

next year and also shall report the improvement situation for any abnormal affairs to the competent authority before the end of May of next year.

IV. Regular evaluation methods

- (I) The Board of Directors' Meeting shall authorize senior management staff to regularly supervise and assess if derivative product transactions are truly executed in accordance with transaction procedures stipulated by the Company, and if risks assumed are within the scope of tolerable assumption. Under the circumstances that there are irregularities in market price assessment report (e.g., position held has already exceeded loss limit), the Board of Directors' Meeting shall be reported immediately and countering measure(s) shall be taken accordingly.
  - (II) The position held in the trading of derivatives shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be presented to high-level managers authorized by the Board of Directors.
- V. Where the Company engaging in derivatives transactions, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:
- (I) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives transactions risk.
    - 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the Procedures for Engaging in Derivatives Transactions set by the Company.
    - 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has Independent Directors, an Independent Director shall be present at the meeting and express an opinion.
  - (II) Periodically evaluate whether derivatives transactions performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
  - (III) The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives transactions in compliance with its Procedures.
  - (IV) When the Company engaging in derivatives transactions shall establish a log book in which details of the types and amounts of derivatives transactions engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under regulations of the Procedures shall be recorded in detail in the log book.

Article 14: Procedures for Handling Corporate Mergers, Demergers, Acquisitions, and Transfers of Shares

- I. The Company conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However,

the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

- II. A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in preceding when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

- III. A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

- (I) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (II) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
- (III) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the

Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

- IV. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- V. Public companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
  - (I) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  - (II) An action, such as a disposal of major assets, that affects the Company's financial operations.
  - (III) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  - (IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - (VI) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- VI. The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
  - (I) Handling of breach of contract.
  - (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - (III) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - (IV) The manner of handling changes in the number of participating entities or companies.
  - (V) Preliminary progress schedule for plan execution, and anticipated completion date.

- (VI) Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

- VII. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the related regulations.

#### Article 15: Acquisition or Disposal of Assets by Subsidiary

- I. The Company shall supervise its subsidiaries to establish relevant "Procedures for Acquisition or Disposal of Assets." Such procedures shall be implemented after being approved by the subsidiaries' Board of Directors' Meeting. The same shall apply to any amendments to the Procedures.
- II. Acquisition or disposal of assets by a subsidiary of the Company shall be based on the regulations of the "Procedures for Acquisition and Disposal of Assets" of the subsidiary, and submitted to the parent company general manager for approval.

#### Article 16: Other important matters and concerns:

The matters not covered by the Procedures shall be governed by the relevant laws and regulations and the relevant regulations of the Company.

#### Article 17: Commencement and amendment of the procedures

Procedures for the acquisition or disposal of assets in accordance with the provisions of the Procedures shall, after being approved by the Audit Committee and the Board of Directors, be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended.

Where the position of Independent Director has been created, when the "Procedures for Acquisition or Disposal of Assets" are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

The Company has established the Audit Committee. When the "Procedures for Acquisition or Disposal of Assets" are adopted or amended they shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

The terms "all Audit Committee members" in paragraph 3 and "all Directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 18: The amendments to the Procedures shall be implemented after the shareholders' meeting on June 13, 2019. Revisions made to this Procedure are to be implemented after a decision is made through the general shareholders' meeting on June 10, 2021.

## Sigurd Microelectronics Co., Ltd.

### Rules of Procedure for Shareholders' Meetings

Approved in the general shareholders' meeting on June 10, 2020

- I. The "Rules of Procedures of Shareholder Meetings" are enacted pursuant to the Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" in order to establish a sound corporate governance system for shareholders' meetings, enhance the supervision function, and strengthen the management function.
- II. Except where other laws or regulations apply, the shareholders' meeting shall follow the Rules.
- III. The Company should prepare a sign-in book for attending shareholders or their proxies (collectively, "shareholders") or allow shareholders to submit sign-in cards in lieu of signing in. The calculation case of the attendance share of the shareholders shall be the number of shares processed. The attendance shares shall be counted in accordance with the present attendance card adding the voting shares exercised via written or electronic measures.
- IV. For a shareholders' meeting convened by the Board of Directors, the Chairman of the Board of Directors shall preside at the meeting. If the Chairman of the Board of Directors is on leave or unable to exert the rights, the vice-Chairman of the Board of Directors shall preside instead. If the position of vice-Chairman is vacant or the vice-Chairman is on leave or unable to exert the rights, the Chairman of the Board of Directors shall designate a Director to preside at the meeting. If there is no managing Director, one of the appointed Directors shall preside. If the Chairman of the board did not designate an agent, the Chairman of the meeting shall be elected by the Board of Directors from among the managing Director and themselves.

When the Board of Directors convenes a shareholders' meeting, the Chairperson of the board shall personally chair the shareholders' meeting and at least half of the members of the Board of Directors shall be in attendance, and each of the functional committees shall be represented by at least one member in attendance, and the attendance records shall be published in the meeting minutes.

If the shareholders' meeting is convened by persons with authority to call a meeting other than the Board of Directors, the Chairman shall be the person with said authority. Where more than two persons have such authority, they should appoint one as the Chairman.

The Company may designate its attorney, certified public accountant, or other relevant persons to attend the meeting.

When time of meeting is due, the chairperson shall call the meeting to order and announce the number of attending shareholders without voting rights and the number of shares represented in the attendance, among other information at the same time.

The Chairperson shall call the meeting to order on the time of meeting. Where shareholders representing over 50% of issued shares are not present, the Chairperson may proclaim the delay of the meeting. Only two delays are allowed, and the delay time shall



no more than one hour. When the shareholders' meeting is delayed two times with no shareholders representing one third of issued shares, the Chairperson shall proclaim the meeting to be adjourned.

Where shareholders representing 50% of issued shares present before the shareholders' meeting conclude, the Chairperson may again propose tentative resolutions to the shareholders' meeting for a re-vote in accordance with the regulation of the Company Act.

- V. Where a shareholders' meeting is convened by the Board of Directors, the Board of Directors shall stipulate the meeting agenda. Pertaining to proposals (including extemporary motions and amendments of original proposals), voting by poll should be adopted. The shareholders' meeting shall progress in accordance of arranged agenda, which can only be changed by the resolution of the shareholders' meeting.

The shareholders' meeting assembled by persons with authority to assemble other than the Board shall apply the regulation of the preceding Paragraph.

Before arranged agendas in preceding two Paragraphs during the meeting (including special motions) comes to an end, the Chairperson shall not proclaim the adjournment of the shareholders' meeting without a resolution of the shareholders' meeting. If the Chairperson proclaims the adjournment without necessary resolution, the other members of the Board shall assist shareholders at present in continuing the meeting and electing a person as Chairperson with more than 50% vote of assent from of the shareholders at present in accordance with legal procedure.

The Chairperson shall offer adequate opportunities for explanation and discussion on the proposals and amendments or extemporary motions brought up by shareholders. Where the Chairperson thinks the proposals and amendments or extemporary motions brought up by shareholders is ready to vote, the Chairperson may proclaim the closure of discussion, proceed to vote, and provide adequate time for voting.

- VI. Shareholders holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at the shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. However, if the proposal submitted by shareholder is pertaining to advice on the Company's effort in promoting public interest or social responsibilities, the Board of Directs should include the proposal in the agenda. In addition, the Board shall not list any motions from shareholders which fall under any situation regulated in all subparagraphs of Paragraph 4 of Article 172-1 in the Company Act.

Prior to the date on which share transfer registration is suspended before the convention of the shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a

proposal shall attend, in person or by a proxy, the shareholders' meeting where his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.

- VII. Every shareholder's speech to a single motion shall be no more than twice unless the Chairperson agrees so, and each speech shall be no more than five minutes. If approved by the Chairman, it may be extended for another three minutes.

Where the speech from the shareholders violates the regulations or goes beyond the scope of the motion, the Chairperson may stop the speech.

- VIII. Shareholders attended the shareholders' meeting shall fill the opinion sheet with speech summary, shareholder account number (or attendance tag number), and account name before making speeches, and the Chairperson stipulates the speech order.

Shareholders attended the shareholders' meeting who turn in an opinion sheet without making a speech will be regarded as expressing no opinion. Where speech content does not match the record of the opinion sheet, the speech content shall prevail.

- IX. The Chairperson may reply in person or assign relevant personnel to reply after shareholders attended the shareholders' meeting spoke. The Chairperson may deliberate the time and proclaim breaks when the shareholders' meeting is in progress. The Chairperson shall direct picketers or security to maintain the order of the shareholders' meeting place. Picketers and security shall wear the badges or ID tags with words of "Picketer" while assisting to maintain the order of the shareholders' meeting place.

Where shareholders violating the rules of shareholders' meeting and disobeying the correction from the Chairperson, and interfering with the progress of shareholders' meeting, the Chairperson may direct picketers or security to guide the person out of the meeting place.

- X. When the speech from the shareholders exceeds the time limit or goes beyond the scope of the motion, the Chairperson may stop the speech. Corporate shareholders may assign only one representative to the shareholders' meeting. Where corporate shareholders assign more than two representatives to the shareholders' meeting, only one representative is allowed to speak to a single proposal.

- XI. The voting of proposals shall be approved by more than 50% of the voting powers from present shareholders unless the Company Act and the Articles of Incorporation regulate otherwise. The proposal will be regarded as approved with no objection from all present shareholders after the Chairperson is consulted, and the effect is the same as voting. Shareholders have one voting power per share. The Chairperson assigns the scrutinizers and tellers of the motion voting, but the scrutinizers shall possess the shareholder identity. The results must be declared immediately on the spot and recorded.

When a shareholder entrusts an agent to attend a shareholders' meeting, the voting power of the agents who are simultaneously authorized by more than two shareholders shall be no more than 3% of the total issued voting shares, and it will not count otherwise.

When directors are elected during a shareholders' meeting, related election regulations established by the Company shall be followed and the voting results shall be announced on the spot, including the list of elected directors and the number of votes each of them received and the list of candidates who were not elected and the number of votes each of them received.

A shareholder is limited to present one letter of authorization and one authorized agent. The letter of authorization shall be delivered to the Company five days before the shareholders' meeting. In the case of a repeat of letter of authorization, the first arrived letter of authorization shall prevail. The letter of authorization proclaiming to revoke former ones shall be excluded.

- XII. Where there are amendments or alternatives to a single motion, the Chairperson decides the voting order of such alone with original motion. Where one of the motions is approved, other motions will be regarded as vetoed and shall not be voted again.

When the Chairperson thinks the proposals brought up by shareholders is ready to vote, the Chairperson may proclaim the closure of discussion and proceed to vote.

- XIII. As the Company sets up an Audit Committee to replace the Supervisors, any other provision pertaining to Supervisors shall cease to apply.

Matters not covered by these rules shall be governed in accordance with the provisions of the Company Act, the Articles of Incorporation of the Company and other relevant laws and regulations.

- XIV. The shareholders' meeting procedures shall be implemented after the shareholders' meeting grants approval.

## Appendix 5

### Sigurd Microelectronics Corporation Table of Current Shareholding by Directors

April 11, 2022

Title	Account Title	Representative	Current number of shares held	Shareholding Ratio
Chairman	Shin-Yang Huang		7,215,771	1.59%
Director	Tsan-Lien Yeh		3,409,633	0.75%
Director	Hsu-Tung Kuo		1,931,879	0.43%
Director	Min-Hong Wu		3,063,938	0.68%
Director	Wen-Yuan Lin		2,000,457	0.44%
Director	Ming-Chun Chiu		5,791,769	1.28%
Independent Director	Wen-Bin Wu		0	0.00%
Independent Director	Chun-Rong Lu		992	0.00%
Independent Director	Min-Kai Lin		35,000	0.01%
Director's Total (Number of Shares)			23,449,439	5.18%
Minimum number of shares and percentage to be held by all Directors (Note 2)			16,000,000	4%

Note 1: As of April 11, 2022, the date for suspension of share transfer, the Company's total issued shares were 452,668,514 shares.

Note 2: Since the Company has elected more than two independent directors, according to the provisions of article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," all directors other than the independent directors have reduced the number of shares to be held to 80%. As of the date of the suspension of the shareholder's meeting the number of shares held by the individual and all directors of the registered shareholder, as listed in the above table, which has met the criteria for the number of shares specified in Article 26 of the Securities and Exchange Act. The Company has set up an Audit Committee and therefore does not apply the shareholding percentage of the Supervisors.